Stanton, and Ithaca, Mich., urging more liberal pension legislation for veterans of the Civil War and widows of veterans; to the Committee on Invalid Pensions.

1232. By Mr. WATSON: Petition of citizens of Jenkintown, Pa., favoring increased pensions for veterans of the Civil War and widows of veterans; to the Committee on Invalid Pensions.

1233. By Mr. WOLVERTON of West Virginia: Petition of Beatrice J. Rose, of Smithburg, Doddridge County, W. Va., urging Congress to take a vote on the Civil War pension bill for the increase of pensions to Civil War veterans and widows of veterans; to the Committee on Invalid Pensions.

1234. By Mr. ZIHLMAN: Petition of residents of Washington County, Md., urging immediate steps be taken at this special session to bring to a vote a Civil War pension bill carrying the rates proposed by the National Tribune in order that relief may be accorded to needy and suffering veterans and widows of veterans; to the Committee on Invalid Pensions.

1235. Also, petition of residents of Hagerstown, Md., urging immediate steps be taken to bring to a vote a Civil War pension bill carrying the rates proposed by the National Tribune in order that relief may be accorded to needy and suffering veterans and widows of veterans; to the Committee on Invalid Pensions.

SENATE

FRIDAY, *November 22, 1929*

(Legislative day of Wednesday, October 30, 1929)

The Senate met at 10 o'clock a. m., on the expiration of the recess.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Allen	George	Keyes	Simmons
Ashurst	Gillett	La Follette	Smoot
Barkley	Glenn	McCulloch	Steiwer
Bingham	Goff	McMaster	Stephens
Blease	Hale	McNary	Swanson
Borah	Harris	Metcalf	Thomas, Idaho
Bratton	Harrison	Moses	Thomas, Okla.
Brock	Hastings	Norbeck	Townsend
Capper	Hatfield	Norris	Trammell
Connally	Hawes	Nye	Tydings
Copeland	Hayden	Oddie	Vandenberg
Couzens	Hebert	Overman	Wagner
Cutting	Heflin	Patterson	Walcott
Dale	Howell	Pittman	Walsh, Mass.
Dill	Johnson	Reed	Walsh, Mont.
Fess	Jones	Sackett	Waterman
Fletcher	Kean	Sheppard	Wheeler
Frazier	Kendrick	Shortridge	

Mr. GLENN. I desire to announce the absence of my colleague the senior Senator from Illinois [Mr. DENEEN], who, as a member of the special committee of the Senate, is attending the funeral of the late Secretary of War.

Mr. FRAZIER. The senior Senator from Iowa [Mr. BROOKHART] is absent attending the funeral of the late Secretary of War.

Mr. SHEPPARD. I wish to announce that the Senator from Tennessee [Mr. MCKELLAR] and the junior Senator from Iowa [Mr. STECK] are absent attending, as members of the special committee of the Senate, the funeral of the late Secretary of War.

I also desire to announce that the junior Senator from Utah [Mr. KING] is absent on account of illness.

I wish to announce further that the Senator from Arkansas [Mr. CARAWAY], the Senator from Wisconsin [Mr. BLAINE], and the Senator from Indiana [Mr. ROBINSON] are necessarily detained on business of the Senate.

The PRESIDENT pro tempore. Seventy-one Senators having answered to their names, a quorum is present.

RESIGNATION OF SENATOR WALTER E. EDGE

The PRESIDENT pro tempore laid before the Senate the following telegram from Hon. WALTER E. EDGE, which was read and ordered to lie on the table:

THOMASVILLE, GA., *November 21, 1929.*

Hon. CHARLES CURTIS,
President of the United States Senate,
Washington, D. C.:

I have to-day notified Governor Larson of my resignation as a Senator of the United States representing New Jersey. May I express to you and through you to the Members of the Senate my deep appreciation of very many courtesies and generous consideration.

WALTER E. EDGE.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. LA FOLLETTE:

A bill (S. 2215) granting a pension to Frederick E. Burgess; to the Committee on Pensions.

By Mr. METCALF:

A bill (S. 2216) granting a pension to Arthur Webster (with accompanying papers); to the Committee on Pensions.

By Mr. NORRIS:

A bill (S. 2217) granting a pension to Espy G. Goodpaster; to the Committee on Pensions.

By Mr. McNARY:

A bill (S. 2218) to authorize an appropriation for the relief of Joseph K. Munhall; to the Committee on Agriculture and Forestry.

By Mr. COPELAND:

A bill (S. 2219) for the relief of the city of New York; and

A bill (S. 2220) for the allowance of certain claims for extra labor above the legal day of eight hours at certain navy yards certified by the Court of Claims; to the Committee on Claims.

By Mr. WALSH of Massachusetts:

A bill (S. 2221) to authorize the coinage of 50-cent pieces in commemoration of the three hundredth anniversary of the founding of the Massachusetts Bay Colony; to the Committee on Banking and Currency.

By Mr. CAPPER:

A bill (S. 2222) granting a pension to Grace V. Barrett (with accompanying papers); to the Committee on Pensions.

By Mr. METCALF:

A bill (S. 2223) to provide for an assistant commissioner of education; to the Committee on Education and Labor.

By Mr. GLENN:

A bill (S. 2224) to change the name of Iowa Circle in the city of Washington to Logan Circle; to the Committee on the District of Columbia.

By Mr. GLENN (for Mr. DENEEN):

A bill (S. 2225) for the relief of Charles N. Neal; to the Committee on Military Affairs.

By Mr. NORBECK:

A bill (S. 2226) granting an increase of pension to John Prater (with accompanying papers); to the Committee on Pensions.

By Mr. McNARY:

A joint resolution (S. J. Res. 86) creating a commission to make a study with respect to the adequacy of the supply of unskilled agricultural labor; to the Committee on Agriculture and Forestry.

AMENDMENTS TO THE TARIFF BILL

Mr. COPELAND submitted two amendments intended to be proposed by him to House bill 2667, the tariff revision bill, which were ordered to lie on the table and to be printed.

RADIO BROADCASTING LICENSES

Mr. SACKETT. Mr. President, I send to the desk a resolution and ask unanimous consent for its immediate consideration.

The PRESIDENT pro tempore. Without objection, the resolution will be read for the information of the Senate.

The Chief Clerk read the resolution (S. Res. 166), as follows:

Resolved, That the Federal Radio Commission is hereby requested to report to the Senate on or before December 15, 1929, the number of broadcasting licenses, amount of power, number of frequencies, and periods of time for operation allocated to each of the five radio zones of the United States and to the District of Columbia as provided by the act of Congress approved March 28, 1928; and also the quota of licenses, power, frequencies, and time for operation to which each zone and each State are entitled under said act of Congress; and also to what extent, if any, said radio facilities have been allocated to any zone or State temporarily because of lack of applications for the same; and also the total number of broadcasting licenses and the total amount of power now allocated to radio stations as compared to the same as of March 28, 1928.

The PRESIDENT pro tempore. The Senator from Kentucky asks unanimous consent for the present consideration of the resolution. Is there objection?

Mr. JOHNSON. Mr. President——

The PRESIDENT pro tempore. The Senator from California.

Mr. BLEASE. Mr. President——

The PRESIDENT pro tempore. The Senator from California has been recognized.

Mr. BLEASE. I rise to a question of personal privilege.

The PRESIDENT pro tempore. The Senator from South Carolina will state it.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

Mr. JOHNSON. Does that take me off the floor, Mr. President?

The PRESIDENT pro tempore. The Senator from South Carolina rises to a question of personal privilege.

CRIME IN THE DISTRICT OF COLUMBIA

Mr. BLEASE. Mr. President, I ask that an article from the Washington Herald of this morning, and along with it two letters, be read.

The PRESIDENT pro tempore. The clerk will read, as requested.

The Chief Clerk read as follows:

"George R. Campbell, a member of the grand jury, who lives in the 1400 block of Girard Street NW., is a stenographer employed by the American Railway Express Co., of which Robert A. McPherson, sr., father of the indicted man, it was pointed out, is chief clerk."

Is it possible that this is legal?

"The member was Mrs. Delores Marmion, widow of a naval officer, who was receiving a pension from the Government. The courts have held in similar instances that this disqualifies a person from grand-jury duty and renders voidable acts of a jury with such an ineligible member."

While this is not.

Then it is time that some new laws were made.

Some of the friends of the police are already bragging about how they have already bested the Senate, and that they will run things to suit themselves from now on.

Isn't there such a thing as a dictaphone in Washington? Couldn't Shelby, Kelly, and McPherson be trapped that way?

One well-known lawyer has used such a contrivance to get evidence, and was able to win an important case that way.

Or is it possible that some of the friends of the police are right, that the Senate is only bluffing, and that they are afraid to go ahead and see that justice is done?

It would seem that about 90 per cent of the average people are convinced that something is seriously wrong with the police, and that so far the Senate has not shown any disposition to right matters. If they intend to further pursue that course, then they just as well turn the city over to the lawbreakers and be done with it. That is about the way the average man feels.

A FRIEND.

WASHINGTON, D. C., *November 21, 1929.*

Hon. COLE BLEASE,
United States Senate.

MY DEAR SENATOR: When I first read the account of the McPherson tragedy it appeared to me that the young woman was murdered. I have read every account of it since that time and have not changed my mind.

I was not surprised at the return of the grand jury when I recall the names of those interested in clearing the names of those who seem to have deliberately influenced the coroner's jury verdict.

The following names might suggest a Knights of Columbus lodge, even: Mitchell, Attorney General; Laskey, his appointee; Cullen, his appointee; Dougherty, commissioner of police; Shelby, detective; Kelly, detective; McPherson; Fitzpatrick, foreman of the grand jury; Leahy, counsel.

Now, Senator, if this isn't the roll call of little Ireland, then I am taking up your time for nothing.

Senator, I am an experienced lawyer, now in the military service, so I can not sign this. I am also a taxpayer in the District and not radical on religious matters, but I encountered their work overseas and know how they work. It might pay you to look into this version of the McPherson case.

Sincerely,

ONE WHO BELIEVES SHE WAS MURDERED.

[From the Washington Herald, Friday, November 22, 1929]

THREE SENATORS HIT LASKEY FOR MCPHERSON TACTICS—NURSE'S MATE STILL IN PERIL, BLEASE HOLDS—NURSE'S MATE STILL LIABLE FOR INQUIRY, LAWMAKER REMINDS—"BAD LEGAL PRECEDENT" SEEN

Criticism of Special Prosecutor Laskey's handling of the McPherson evidence came last night from three Senators. One of them, COLE BLEASE, of South Carolina, declared:

"I think McPherson has lost a victory. The case is by no means settled. If a true bill had been returned by the grand jury, and if McPherson had been found guiltless in court, the entire matter would have been settled for once and all.

"But as it now stands, McPherson may be called before any grand jury that wishes to reopen the case."

"BAD PRECEDENT"

Senator FURNIFOLD SIMMONS also saw in the handling of the indictment "a bad legal precedent." He said:

"I never heard of a prosecutor summoning defense witnesses. It is plainly the duty of the prosecutor to form a prima facie case.

"If such a method is legal in the District, the propriety of it can not be too strongly questioned."

LASKEY CRITICIZED

Senator LEE OVERMAN, of North Carolina, one of the prime motivators of the entire McPherson investigation, said:

"I have no fault to find with the grand jury. But I do criticize the action of Special Prosecutor Laskey in bringing defense witnesses before the grand jury."

Senator BLEASE concluded his statement by saying:

"I am not telling all I know, but I know this: Sunday night I was told, in the presence of two witnesses, what the final vote of the grand jury would be. It came out as predicted to me, with the difference of one ballot."

Mr. JONES. Mr. President, I rise to a question of order.

The PRESIDENT pro tempore. The Senator will state it.

Mr. JONES. I can not see that any question of personal privilege has been presented by the Senator from South Carolina, and I make that point of order.

Mr. BLEASE. I have the floor, and I will speak to the resolution.

The PRESIDENT pro tempore. The Senator was recognized upon a question of personal privilege. The Senator from California [Mr. JOHNSON] had the floor, and he yielded for that purpose.

Mr. BLEASE. Mr. President, in my State—and I think in a great many other States of this Union—the judges usually instruct grand juries to bring in true bills in murder cases. There is a very good reason for doing so, as every man who has ever been in a criminal court well knows. If an accused person be indicted for murder and is tried before a petit jury, and the petit jury arrives at a verdict of not guilty, that settles the case; and no matter what may happen thereafter never again can that man be brought into court on that charge. But if no bill is returned, each succeeding grand jury, so long as the one who is under suspicion lives, can bring the case up and continue the investigation. For instance, to show the justice of a verdict of not guilty, suppose that three friends were out together and one accidentally killed one of the others, and the grand jury should say it was a case of accidental killing on the testimony of the third man of the group, a friend of the one accused. But suppose that in a few years that witness were to die and some one else should spring up and give a different version of the killing, or suppose the friend who had testified in behalf of the one who had done the killing should fall out with him and should change his testimony and say that he was bought off or that certain influences were brought to bear upon him which made him tell a lie. In such a contingency the man who had originally been accused could be brought back into court.

The PRESIDENT pro tempore. The Chair is not of the opinion that the Senator from South Carolina has thus far stated a question of personal privilege.

Mr. BLEASE. I am speaking on the resolution offered by the Senator from Kentucky [Mr. SACKETT].

The PRESIDENT pro tempore. Which is not as yet before the Senate.

Mr. BLEASE. The Chair asked if there was objection, and I object. I will take the floor in my own right, either now or some other time during the day, so I might just as well be given the floor now. I am speaking on the tariff bill now, and I move that the tariff bill be indefinitely postponed.

The PRESIDENT pro tempore. If the Senator wishes to speak to the tariff bill, the pending question is on agreeing to the committee amendment on page 171, line 22.

Mr. BLEASE. Then I am speaking on that, and everyone who does not want to hear me, including the Chair, can leave the Chamber. I shall have no objection to that. [Laughter.]

So, Mr. President, as I was saying, the witness who at one time had testified for the person accused could come into court, change his testimony, and put the person accused in a very serious predicament. Therefore, I repeat, in many of the States, especially in my State, the judges almost invariably instruct the grand jury in murder cases, even though the killing was a plain case of accident, to bring in a true bill, in order that the defendant may receive from a petit jury a verdict of not guilty, which forever settles that question.

Therefore I say that McPherson has not gained any victory. If any victory has been gained, it is the police department in its fight to vindicate itself, and that department has made a tool out of poor little McPherson; but he still stands in the same position that he did before, and at any time hereafter he may be reindicted; another grand jury may take up the case, and if it is proven that some of the alibi witnesses testified falsely that matter will be presented to another grand jury, for

I have already been told by proper authority that they are going to check up as to where some of the alibi witnesses were when they swore that they were at a certain place and saw McPherson, and if it can be proven that their testimony was false, even if they get only two or three witnesses to that effect, they can reopen this entire matter before the grand jury at any time they see fit. Therefore, all this bragging, it seems to me, is somewhat premature, and McPherson is the police goat up to now.

Last night I received a telephone message. I do not care anything about it, but the message was that there was a big to-do going on at McPherson's home, a great celebration. I thought it was rather strange that a man whose wife had died even by strangulation should participate in such a great reception so soon after her death. He must have loved her very dearly to thus celebrate her murder and the police department's vindication. The message went on to say that I would soon know who killed Mrs. McPherson; that she herself would tell me, and then the telephone was immediately rung off. I suppose the intimation was that I may meet her somewhere else. Well, if she committed suicide, I will never see her; if she did not, possibly I may.

Mr. President, Captain Doyle was reinstated and the common talk on the street is that he was reinstated because they were afraid of a church fight in Washington and they were not ready for it right now. It has been said that Captain Doyle had been a Catholic, that he had quit the Catholic Church, and there was a certain hatred against him, and a strong effort had been and is being made to undermine him and kick him out in disgrace, but that he was reinstated because they were afraid of that fight at this time; the Catholics were not yet ready to force the issues.

Every Senator on the floor of the Senate knows—and I call upon the distinguished Senator from Alabama [Mr. HEFLIN], if it be necessary, as a witness—that I have been one man who stood on this floor and deplored the bringing in of the religious issue. As I have stated, I graduated at a Catholic university; I had a sister who married a Catholic; I have two nephews who are Catholics; and some of the very best friends I have in South Carolina are Catholics.

I deplore bringing the question of religion in, and I only mention it this morning to show how far the police department and the District attorney's office, honeycombed with "little Ireland," as the letter which has been read at the desk suggests, have gone in the methods to which they have resorted in order to try to humiliate somebody connected with the McPherson case.

Mr. President, I said the other day in discussing the McPherson case—and every Senator will remember perhaps what I then said—that I love justice too well not to remember the motto and the old legal maxim that every man is presumed to be innocent until he is proven guilty. I further said that I did not know whether McPherson was guilty or not, and I did not care. I went so far as to say that I hoped Mr. McPherson would prove himself innocent of the charge against him. That is recorded in my speeches. I have no special interest in the McPherson case. I was speaking rather of the general crime conditions in the city of Washington, and what I said in regard to those conditions has been verified by the raids which have been made, by the evidence of narcotics that have been bought and the narcotics which have been seized, and by the padlocks which have been put on disorderly houses. In every manner possible every word I have said upon this floor has been vindicated by the police department themselves in making their raids.

I have nothing to do with this religious fight. I do not propose to bring it in here. I only mention it because of the reference which has been made to it in connection with Mr. Doyle's reinstatement and the fight for a no bill in the McPherson case.

I was interested in other matters, but I was not interested in the religious fight, and I was not particularly interested in the McPherson case until Mr. Laskey began to take the defendant's witnesses, as has been proven here by the record, into the grand-jury room to help get a no bill in McPherson's case, and it was said Laskey is a Catholic and McPherson is a Catholic; then I began to look around. I do not know whether it is true or not; there is the letter, and it is said publicly and openly that the Catholic Church has made this fight for McPherson to save the police force and Rover's office force. I do not know whether that is true or not. I can scarcely believe it; but I wanted to show the people of this country what is going on in this city and how efforts are being made to injure some people who simply are trying to see that justice is done.

Mr. WALSH of Massachusetts. Mr. President——

The PRESIDENT pro tempore. Does the Senator from South Carolina yield to the Senator from Massachusetts?

Mr. BLEASE. I do.

Mr. WALSH of Massachusetts. I am sure the Senator does not mean to imply that any official of the Catholic Church has been interested in this matter or interfering with it.

Mr. BLEASE. I do not know whether Laskey is an official of the church or not, but I know he fixed up the testimony that got this no bill.

Mr. WALSH of Massachusetts. Of course, it may be possible that some individual member of the Catholic Church may have taken sides one way or the other in this matter; but I think it is a pretty broad and unfair statement for anyone to make or to suggest or to intimate that the Catholic Church as such has been interested in a sensational murder case in this District, especially when the alleged victim and defendant were and are not members of that church and when Mr. Laskey, the prosecuting attorney of the Department of Justice, is not a Catholic; at least that is my information.

Mr. BLEASE. I have just said, Mr. President, that I can scarcely believe it; but I say that it is common rumor, and there is a letter. Not only that letter, but common talk on the street is to that effect. I am defending myself now. I will defend the Catholic Church, if it is necessary, every time; but I am taking care of COLE BLEASE right now, and if it hits the Catholic Church or anybody else it will have to hit. If I throw a rock over the fence, and a dog yelps, he must be hit.

Mr. President, I understand from very good authority that this idea of condemning me in the grand-jury room was suggested, not by any member of the grand jury, but by another party, and written by another party, and copied off in the handwriting of the grand jurors or the clerk, whichever it may be. Then I was called over the telephone last night by a reporter of the Washington Herald—a young man whom I do not know personally, but whose father and myself were great friends away back in the nineties—and I was told that Mr. Laskey's reward was to be a judgeship; that his name would be sent in, or that they hoped to-day to bring about certain influence to reward him by having him appointed a judge in this District, as Chief Justice McCoy would retire in a very short time. Now, that is nice talk! That is a nice condition for a city to be in! Before the man fairly gets out of jail the man who got him out by presenting defendant's witnesses to the grand jury is to be rewarded with a judgeship!

The reporter asked me if I had any comment to make. I said no; I did not have. I do not know Mr. Laskey. I never have seen him in my life. I do not know Mr. McPherson. I do not know any of the McPherson family. I never saw Mr. Hurley in my life until just a few days ago, when he walked into my office with a letter of introduction from a friend of mine in Chester, S. C., and said he wanted to thank me for bringing the matter to the attention of the country.

Now I want to say a word for Robert J. Allen.

It was reported that Secretary of War Good was taking a great interest in this matter. Something was said about it in my presence. I knew nothing about it. I said nothing about it. Later Mr. Allen came to see me for the second time that I have seen him. I did not know him at all when I introduced my resolution. Somebody in the crowd mentioned the fact of Mrs. McPherson, sr., being the confidential secretary of James W. Good, the Secretary of War.

Mr. Allen, very promptly, with an oath, and a rather violent expression, said, "Nobody has got a"—I would say it right out here, but there are ladies upstairs—"any right to mention Mrs. McPherson's name. She is as fine a little woman as ever lived. She is a hard-working, good woman. She has been confidential secretary to four Secretaries of War. I have known her for years, and there is no woman in this town of higher character or standing than McPherson's mother." So when they try to throw off the fact that Allen has taken any part in any slur upon the McPherson family, the man who says it says what is absolutely false, because, on the contrary, I know that he said this, and he said it in the presence of other witnesses.

But that is the trend: Tear down anybody's character; injure any Senator; kill one of them, if necessary; do what you please in order to support Pratt, in order to support Shelby, in order to support Kelly, all Catholics. I do not know either one of them. I do not think I know more than one policeman in the city by name. I do not know anybody connected with this case. I do not know Leo Rover. I never have seen him in my life. I do not know personally any of these people. I never saw the smiling McPherson in my life. I never saw Allen in my life until after I introduced my resolution, and he came down to the office one morning to give me some information about a matter entirely foreign to the McPherson case. Therefore I wish this country to know that what I have done in this matter has been simply to try to bring about a better condition in the

city of Washington, to try to make it a safe place for people to live.

Why, yesterday you had a beautiful example of the maladministration of your city. I am informed that it has been many years since the code of building laws has been revised in this city. I understand that it has been many years since inspections have been properly made; and yesterday, while we were in the Senate Chamber, a most horrible occurrence took place here. If they had had a proper building code, if they had had proper inspection, that terrible thing could not have happened. It is somebody's duty to go around and investigate these things. Certainly, if it is not, the Senate and the House should provide some way by which it can be done. There certainly ought to be new laws and up-to-date laws for this city; but I will tell you this: If you had as competent and as efficient a police force as you have a fire department, you would not have half the crime you have.

Yesterday, while some of you Senators were here working—something that I have done very little of under this iniquitous bill you are working on now; I hope you will kill it, and if you do not I hope the President will; that is one time I will vote with him, right or wrong—I went down to this fire.

Go down and look at the building this morning, and look at the pictures in the paper, and see the magnificent work those boys did, keeping that fire in one building, keeping that fire where nobody was hurt, getting those people out of there, putting that fire out, keeping it right in the one building. I do not think anything else is damaged practically at all. Why, even the street-car traffic was just delayed for a little time. That is efficiency. That is competency. Why can you not have a police department just as good and just as effective against crime as those men were against fire?

Mr. COPELAND. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from South Carolina yield to the Senator from New York?

Mr. BLEASE. Yes, sir.

Mr. COPELAND. Has the Senator learned what was the cause of the explosion?

Mr. BLEASE. I have not; but there obviously was some deficiency about the machinery.

Mr. COPELAND. The boiler?

Mr. BLEASE. I suppose so.

Mr. COPELAND. Does that mean that there is a failure of proper boiler inspection in this town?

Mr. BLEASE. That is my understanding. I do not know personally.

Mr. COPELAND. I think that in a well-regulated city, if the Senator will bear with me, there should be no neglect of inspectorial service which has to do with the increase of safety of the citizens. Nothing is more important than an annual inspection of every boiler.

Mr. BLEASE. That is right.

Mr. COPELAND. No boiler should be permitted to be put into commission in the fall in a place where the citizens congregate, as in a store, until there has been an inspection of the boiler to make sure that it is in proper condition.

I want to be very sure that there is such a provision in this city. I have been much disturbed about this explosion. We are shortsighted, as Senators and as members of the District of Columbia Committee, unless we make very sure that ample provision is made by proper inspection in this matter and all others in order that there may be safety for the citizens of the city of Washington.

Mr. BLEASE. Mr. President, I thank the Senator from New York. I know that he is absolutely correct; and as a member of the District Committee I am sure he will join with me in my efforts to give this city some new laws, to make it a better city and a cleaner city, and to take it out from the control of the crowd that now has it, that are willing even to have witnesses perjure themselves, willing even to slip witnesses out of the city—I know that is being done—willing even to threaten people with discharge if they go to the office of a certain man, or even see him in his hotel—I know that that has been done—willing even to be particeps criminis to murder, even to be accessories to the murder after the fact, which has been done in the McPherson case, in order to shield themselves from exposure and to hold their positions and to keep their pets in office and to reward those who serve them in their dirty and damnable work, and against any man who dares to raise his voice for a cleaner Washington, for a Washington where men and women can live in safety.

Personally, Mr. President, I have absolutely no interest in this matter. If the fathers and mothers of the city of Washington—and I hope they will hear this in some way—are willing for their sons and their daughters to live under the government they are living under to-day; if they are willing to have the houses of debauchery and to have the blind tigers in apartment houses and the general corruption that is going on in this city; if they are willing for their sons and their daughters to live in it, be reared in it, marry and intermarry in it, it certainly makes absolutely no difference to me. I have no son and I have no daughter to go through the temptations and the vileness and the filth of this city.

My habits of life have about been formed; certainly I am too old now to be injured by the habits of others, and therefore what I have done I have tried to do in the interest of the boys and girls of Washington, everyone of whom I love. Whatever may be the result, I shall certainly feel that I have relieved myself from any responsibility, either as a Member of this body, as an American citizen, or, if you please, as an individual.

STAFF OF UNITED STATES DISTRICT ATTORNEY LEO A. ROVER

Mr. HEFLIN. Mr. President, I want this statement, purporting to show the staff of Leo A. Rover, United States attorney for the District of Columbia, with affiliations, to appear in the RECORD at this point. That will give Mr. Rover a chance to say whether or not the statement is correct.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Alabama?

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STAFF OF LEO A. ROVER, UNITED STATES ATTORNEY FOR THE DISTRICT OF COLUMBIA, WITH AFFILIATIONS

Leo A. Rover, Roman Catholic; John W. Fihelly, Roman Catholic; William H. Collins, Roman Catholic; Neil Burkinshaw, Roman Catholic; Walter M. Shea, Roman Catholic; Charles B. Murray, Roman Catholic; William A. Gallagher, Roman Catholic; Arthur G. Lambert, Roman Catholic; James F. Hughes, Roman Catholic; Philip F. Biggins, chief clerk, Roman Catholic; Charles A. Birmingham, Roman Catholic; Elizabeth R. Magruder, Roman Catholic; Michael F. Keogh, Roman Catholic; James J. Crogan, Roman Catholic; John C. Conliff, Roman Catholic; Allen J. Krouse, Roman Catholic; John J. O'Leary, Roman Catholic; John R. Fitzpatrick, Roman Catholic; ——— Evans, colored, assistant attorney, Roman Catholic; ——— Orcutt, Roman Catholic; ——— Camalier, Mason; J. B. Williams, said to be Protestant; ——— Goldstein, Russian Jew; ——— Newman, Roman Catholic; ——— Schwartz, Jew and Mason; J. R. Kirkland, Mason.

It is understood that Mr. Rover objected seriously to putting Mr. Kirkland on, but that the Senators from Delaware raised such a howl that he was compelled to put him on.

David Hart, Mason; lady telephone operator, Roman Catholic; Mrs. Webber, Mrs. Greathouse, religion unknown.

There are said to be three other clerks, all Roman Catholics—two men and one woman.

If you will check the church connections of Shelby and Kelly, together with the above information, you can possibly get some additional light on the McPherson case.

SEPTEMBER 30, 1929.

RADIO BROADCASTING LICENSES

Mr. JOHNSON. Mr. President, the Senator from Kentucky [Mr. SACKETT] asked for the immediate consideration of a resolution which he has presented.

The PRESIDENT pro tempore. Unanimous consent was denied.

Mr. BLEASE. Mr. President, I do not object to the Senator's resolution. I merely made the objection in order to hold the floor.

The Senate, by unanimous consent, proceeded to consider the resolution.

Mr. JOHNSON. To the resolution I desire to present a very brief amendment, the words, "and also, whether or not any individual, association, or corporation has been permitted to operate any radio station or engage in radio broadcasting without a license, together with the name or designation of such permittee and the location of such radio station or radio broadcasting."

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

The resolution as amended was agreed to, as follows:

Resolved, That the Federal Radio Commission is hereby requested to report to the Senate on or before December 15, 1929, the number of broadcasting licenses, amount of power, number of frequencies, and periods of time for operation allocated to each of the five radio zones of the United States and to the District of Columbia, as provided by the act of Congress approved March 28, 1928; and also the quota of licenses, power, frequencies, and time for operation to which each zone and each State are entitled under said act of Congress; and also to what extent, if any, said radio facilities have been allocated to any zone or State temporarily because of lack of applica-

tions for the same; and also the total number of broadcasting licenses and the total amount of power now allocated to radio stations as compared to the same as of March 28, 1928; and also, whether or not any individual, association, or corporation has been permitted to operate any radio station or engage in radio broadcasting without a license, together with the name or designation of such permittee and the location of such radio station or radio broadcasting.

MESSAGE FROM THE HOUSE—ENROLLED JOINT RESOLUTION SIGNED

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the enrolled joint resolution (H. J. Res. 130) to provide for the compensation of page boys of the Senate and House of Representatives during the entire month of November, 1929, and it was signed by the Vice President.

NOTIFICATION TO THE PRESIDENT

Mr. JONES and Mr. WALSH of Montana advanced to the area in front of the Secretary's desk and Mr. JONES said:

Mr. President, your committee on the part of the Senate, appointed with a similar committee on the part of the House, to wait upon the President and advise him that the two Houses of Congress have completed their work for the session, beg leave to report that they have performed that duty, and the President advised the committee that he has no further communication to make.

DAVID I. BOWEN

Mr. ODDIE. As in open executive session, from the Committee on Post Offices and Post Roads, I report favorably the nomination for postmaster at Des Arc, Ark., and ask for its immediate consideration.

The VICE PRESIDENT. Without objection, the report will be received as in executive session and the nomination will be announced.

The Chief Clerk read as follows:

David I. Bowen to be postmaster at Des Arc, Ark., in place of R. G. Miles, resigned.

The VICE PRESIDENT. Is there objection to the present consideration of the nomination? The Chair hears none. Without objection, the nominee is confirmed and the President will be notified.

CALIFORNIA DÉBRIS COMMISSION

Mr. JONES. As in open executive session, I report from the Commerce Committee a nomination for the California Débris Commission, and ask unanimous consent for its present consideration.

The VICE PRESIDENT. Without objection, the nomination will be stated.

The LEGISLATIVE CLERK. From the Committee on Commerce, Lieut. Col. Thomas M. Robins, Corps of Engineers, United States Army, for appointment as a member of the California Débris Commission.

The VICE PRESIDENT. Is there objection to the immediate consideration of the nomination? The Chair hears none; and, without objection, the nomination is confirmed, and the President will be notified.

THE AGRICULTURAL WEST AND TARIFF LEGISLATION

Mr. NORBECK. Mr. President, I ask unanimous consent that a recent editorial that appeared in the Minneapolis Tribune entitled "Grundy and the West" be printed in the RECORD.

The Tribune has been a conservative Republican paper since the Civil War. Mr. Murphy, the publisher, is and has been for years the leader of the conservative Republicans in the Northwest. The Tribune has been a strong and effective supporter of the Republican Party.

It is evident that Mr. Murphy has been disappointed in his hope that the conservative eastern element would deal fairly with all sections of our country.

Mr. President, I also ask that the open letter of Frederick E. Murphy to Senator REED, of Pennsylvania, be printed in the RECORD.

There being no objection, the editorial and letter were ordered to be printed in the RECORD, as follows:

[From the Minneapolis Tribune]

GRUNDY AND THE WEST

From the testimony given by Joseph R. Grundy, lobbyist extraordinary and generalissimo of the eastern forces seeking limitless tariff grabs, it develops that following are his cardinal articles of faith:

(1) The smaller Western States have too much voice in the Senate regarding tariff legislation.

(2) It is a "tragedy" that States contributing negligible amounts in Federal taxes, and "with no chips in the game," should be permitted to break down a fundamental tariff policy.

(3) There is no contradiction between equality for agriculture and increased industrial rates.

Translate these articles of faith into simpler English and they emerge as follows:

(1) The agricultural West should have no voice in tariff legislation at all.

(2) It is deplorable that the agricultural West should use its voting power to protect itself against the tariff piracies plotted by the industrial East.

(3) You can give the farmer equality by not giving him equality.

The mentality of Mr. Grundy is interesting because, while extreme, it represents the mentality of a large section of the industrial East.

Take, for example, Mr. Grundy's attitude on parity for agriculture. Already the Tribune has explained that if "parity" means anything, it means an additional income of $6,000,000,000 a year for agriculture. That is the amount by which agriculture's income is now short. Agriculture's income is only $12,000,000,000 a year at present, whereas, at the very least, it should be one-fifth of the national income, or $18,000,000,000 a year.

Mr. Grundy has nothing against "parity"; only the way to achieve it is to increase the farmer's living and producing costs.

In other words, the right way to give agriculture an additional $6,000,000,000 a year is to charge it an extra $2,000,000,000 a year.

Or, put differently, the right way to treat the agricultural West is to make it poorer and at the same time tell it that it has become richer.

If Mr. Grundy was a dictionary maker instead of a tariff maker we could look for these definitions in his lexicon:

"An agricultural session"—a session brought into being for the purpose of further robbing impoverished agriculture at the hands of the already affluent industrial East.

"A western State"—a nuisance; a microbe; a form of insect life which ought to be suppressed. A useful and tolerable institution when it submits to a hold-up without a protest, but a pestilence of the first magnitude when it exercises its constitutional right to lift its voice against abuses.

"A Republican Party campaign pledge to agriculture"—a sentiment facetiously intended which should never under any circumstances be mentioned after election; a humorous method of speech; a playful irresponsibility of utterance appropriate before election, when farmer votes are needed.

"Pennsylvania"—a State which has had, and for all eternity should have, a complete monopoly upon tariff favors.

"Equality"—a tiresome word, which will bear any meaning except the one commonly attached to it.

"Buncombe"—agricultural relief.

"The United States"—Pennsylvania.

AN OPEN LETTER TO THE HON. D. A. REED, OF PENNSYLVANIA

Hon. D. A. REED,

Senate Office Building, Washington, D. C.

MY DEAR SENATOR REED: I have read your recent letter to me with great interest, and I assure you that I am very glad to have the opportunity to correct what I consider a very serious misapprehension on your part.

The whole tone of your letter indicates a conviction on your part that the fulfillment of the pledges made by the Republican Party to agriculture would be inherently inimical to industry. The Tribune has been insistent that the Republican Party keep these definite pledges. The pledges were as definite as promissory notes. They contained no qualifications whatever. They were as simple and straightforward as it is possible to make a promise. You in your misapprehension answer our pleas for the fulfillment of these pledges by reciting the needs of industry and the promises made to industry. Apparently you conceive that the needs of industry are such that any benefits given to agriculture must of necessity detract from the prosperity of industry. Naturally, I can not follow you to this conclusion.

Still I can hardly believe that you are willing to assent to the theory that agriculture and industry are in their very natures incompatible activities; that they are necessarily in conflict one with the other; that they are on opposite ends of the scale so that the betterment of one must necessarily mean the detriment of the other.

This to me seems to be a monstrous conception and one that I do not think you will hold. In the first place, you represent in the United States Senate the State of Pennsylvania, which is one of the great agricultural States of the Union. It is true that Pennsylvania is one of the greatest industrial States of the Union and that industry in Pennsylvania is greater in its scope than is agriculture, but, none the less, Pennsylvania is a great agricultural State and is comparable in agriculture to Minnesota or Wisconsin.

May I point out to you that according to the Department of Agriculture (Crops and Markets for September, 1929) the estimated gross value of the farm production of Pennsylvania is $446,000,000?

The same authority for the same period gives the gross value of farm production of Minnesota as $669,000,000, while that of Wisconsin is given as $629,000,000.

The annual farm production of Pennsylvania is greatly in excess of many of our western so-called agricultural States. Pennsylvania's farm production is greater than that of North Dakota, greater than South Dakota, Montana, Idaho, Colorado, Washington, Oregon, Wyoming, New Mexico, Arizona, Utah, or Nevada. Surely you can not conceive of a business whose products amount to $446,000,000 a year as inimical to industry. Surely you can not leave the agricultural population of Pennsylvania out of your official considerations.

In any compilation of agricultural resources Pennsylvania ranks in the forefront of the States in the Union. Any betterment of agricultural conditions generally must therefore be of pronounced value to the State of Pennsylvania.

It is my recollection that Pennsylvania has been proud to proclaim the fact that Lancaster County was the greatest agricultural county in the United States.

In your letter you ask, "But, how in the world can you expect to make agriculture prosper by impoverishing the industrial districts?"

Let me assure you I have not, nor have I ever had, any such strange thought. Neither have I ever seen evidence of any such thought on the part of those who have been asking the Republican Party to fulfill the pledges it so solemnly made to agriculture. Such a thought, on the face of it, is absurd and contrary to all the visible facts in our national economic scheme. It is almost a tiresome truism that industry consumes agriculture's products. It is obvious that the business of agriculture is largely the business of feeding and clothing the industrial worker. It is equally obvious that the impoverishment of industrial districts would reduce the sale of agricultural products.

Granted that the farmer and the friends of agriculture possess normal intelligence, isn't it a bit unkind to argue with them on the assumption that they are desirous of impoverishing industry?

The Republican Party made very definite promises to agriculture during the last campaign. The Republican platform as adopted at the Kansas City convention says:

"We favor adequate protection to such of our agricultural products as are affected by foreign competition. The Republican Party pledges itself to the development and enactment of measures which will place the agricultural interests of America on a basis of economic equality with other industries, to insure its prosperity and success."

This is an unqualified pledge. It was solemnly made, and there is no evidence that the Republican National Convention had any idea that the development and enactment of such measures as would put the agricultural interests of America on a basis of equality with other industries would result in the impoverishment of the industrial districts.

The Republican Party's platform also says:

"A protective tariff is as vital to American agriculture as it is to American manufacturing. The Republican Party believes that the home market built up under the protective policy belongs to the American farmer, and it pledges its support of legislation which will give this market to him to the full extent of his ability to supply it."

This is also an unqualified pledge which gives no indication that the Republican National Convention considered that an adequate tariff protection for agriculture was inimical to industry. In fact, the above quotation distinctly states the contrary. It says: "A protective tariff is as vital to American agriculture as it is to American manufacturing." Assuredly, there was no suspicion in the minds of the delegates that a proper agricultural tariff necessarily mean the impoverishment of industry, otherwise the platform would not have said that a protective tariff is as "vital" to American agriculture as it is to American manufacturing.

It has been our contention that, since the Hawley bill took shape in the Ways and Means Committee of the House, the Republican Party has given no evidence of its intent either to put agriculture on a basis of equality with other industries, or to give the home market to the farmer, "to the full extent of his ability to supply it."

The treatment of agriculture in the case of hides and shoes in the leather schedule, in the casein item, inedible oil item, flax item, linseed oil item, wool item, and in certain items of the cream and milk schedule is, to my mind, sufficient proof of the contention that the Republican Party has failed to give agriculture an equality of treatment with other industries and has failed to give the American home market to the American farmer.

There is a home market for the American farmer of $800,000,000 to $1,000,000,000 exclusive of the importations that come from the Philippine Islands. If that market were given to the American farmer, industry would be the eventual beneficiary. This market has been denied the American farmer both in the House and in the Senate in spite of the platform pledge to give it to him.

There can be no fear in this instance that the industrial districts will be impoverished. Here is about a billion dollars of American money that goes to foreign countries, exclusive of the Philippines, every year. The industrial districts do not get this money. It goes to exporters in foreign lands. American agriculture asks for this home market, and will spend this money in the industrial districts. The American farmers' request for this market has been flatly refused. I do not think you will tell me that it was refused through fear of "impoverishing the industrial districts."

In all our contentions, which have been confined to these two points, there is not the slightest suggestion of "impoverishing the industrial districts." Such a thought could only arise as a consequence of a belief that the placing of agriculture on a basis of equality with industry and the giving of the home market to agriculture, have as a necessary consequence, the effect of impoverishing the "industrial districts."

That there is any connection between the fulfillment of the Republican Party's pledges to agriculture and "the impoverishing of the industrial districts" I most emphatically deny. I assert that the direct contrary will be the result. I assert that a prosperous agriculture means a prosperous industry. In the United States 30,000,000 people live by agriculture. This is one-fourth of our population. Surely the prosperity of one-fourth of our population can not result otherwise than in an increased prosperity for industry.

Let me point out to you the fact that the agricultural State of Minnesota has a very keen interest in the prosperity of industry. As Pennsylvania is an agricultural State, so also is Minnesota an industrial State. Minnesota ranks high as an agricultural State, but it is well to bear in mind that the value of its manufactured products is considerably in excess of the value of its agricultural products.

According to the Department of Agriculture, the value of Minnesota's total crops and animal products for 1928 is $669,000,000. The value of its manufactured products, according to the Department of Commerce, is $1,066,000,000. The value of the manufactured products of Wisconsin is nearly three times the value of its agricultural products.

In view of these facts, isn't it a little unreasonable to assume that we, supposedly persons of normal intelligence, would carry on any sort of a campaign that tended to impoverish industry? To accuse us of such an intention is to accuse us of sheer imbecility and this I know, my dear Senator, you would never do.

We are all well aware that there are industries in the country that are in need of tariff adjustment. We also know that there are industries in need of tariff assistance that are not now asking for it. It is to the plain interest of agriculture that these industries should have the tariff assistance they need, but when I say this I do not withdraw, in the least, our demand for the fulfillment of the solemn pledges made to agriculture by the Republican Party. The Republican Party promised agriculture an equality of treatment with other industries and the party promised agriculture the home market. All that we ask is that these two promises be kept.

FREDERICK E. MURPHY, *Publisher.*

Sincerely yours,

EFFECT OF TARIFF BILL ON SOUTH DAKOTA AND NORTHEASTERN STATES—COMMUNICATION OF H. E. MILES

Mr. NORBECK. Mr. President, I ask leave to have printed in the RECORD statements and certain data prepared by Mr. H. E. Miles, chairman of the Fair Tariff League, relative to the pending tariff bill and showing its effect on South Dakota as compared with effect on the Northeastern States.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

[Fair Tariff League, H. E. Miles, Chairman]

NOVEMBER 1, 1929.

WHAT THE TARIFF DOES TO SOUTH DAKOTA

The State: South Dakota loses on the tariff annually, net	$31,134,000
South Dakota farmers:	
Gain on the tariff on farm products, net	2,943,000
This gain is absorbed in their loss on the tariff as a whole, which is, net	16,303,000

The State loses $6 to $1 of gain.

Farmers lose on the tariff $4 to $1 of gain.

South Dakota is exclusively agriculture and grazing. Her people are highly industrious, thrifty, hard working, intelligent. They are few in number, relatively. Consequently, the per capita loss from the tariff is more serious than the figures indicate.

The time is past when western people need to be told that the agricultural tariff is almost worthless to agriculture when the advantages are spread over the Nation's $12,000,000,000 of farm products.

An exhaustive calculation participated in by several of the ablest, most expert men in the various fields in the Bureau of Agricultural Economics, the Tariff Commission, and agricultural economists in universities and State colleges of agriculture, and inserted in the CONGRESSIONAL RECORD by Senator BROOKHART, of Iowa, June 18, 1929, shows that the present tariff on farm products, of a value of more than $8,000,000,000, carry a nominal protection to-day, aggregating $2,500,000,000, or about 33 per cent.

This nominal protection as written in the present tariff law, act of 1922, would make our farmers rich if it were collectible. It would add 42 cents to to-day's price of wheat, oats 15 cents, corn 15 cents, another 7 cents to butter, and so on through the list.

The above calculation did not include the highly protected products, butter, wool, and sugar, and an uncertain $45,000,000 which the tariff may give cattlemen. When these products are included the tariff would give farmers to-day, on $10,000,000,000 of products, annually $3,000,000,000.

The trouble is that America is necessarily a great exporter of farm products and must be for decades to come.

We can not mark one carload of wheat for sale abroad at a low price and another for sale at home at a high price. All must be sold at Liverpool prices, because that market takes our huge farm surplus and necessarily sets the price for all. The American tariff is ineffective in Liverpool.

American farmers sell "Europe minus"—at Liverpool prices, less heavy transportation charges.

American farmers buy their manufactured supplies "Europe plus"—at European prices, plus ocean freights, plus the tariff.

For their salvation American farmers must require that the tariff on manufactured products be as low as reasonable protection requires.

Denmark alone is happy of all the nations in the world that export farm products in volume. Denmark is completely free trade. She buys with the same currency in which she sells.

The farmers of Australia, South Africa, New Zealand, Canada, and the United States are in distress, because the meager shillings they collect in Liverpool bring so little when spent in their own overprotected home countries. We will not imitate Denmark, neither will we longer let manufacturers hand pick the committees of Congress that write their tariff schedules and color most tariff rates with the greed of manufacturers.

The table herewith is based upon the Federal statistics commonly used in such tabulations and prepared with the assistance of experienced and dependable experts in the various fields covered.

WHAT THE TARIFF DOES TO SOUTH DAKOTA

(Census: Crops, 1924; population Jan. 1, 1925)

Population	678,000
Farm population	361,779
Number of farms	79,537
Woolgrowers	7,401
Sugar-beet growers	63

Agricultural schedule

Crops	Tariff gain to farmers	Cost to farmers as consumers	Cost to nonfarming population	Net gain to State	Cost to United States
Wheat		$80,000	$70,000	[1] $150,000	$26,000,000
Wool	$574,000	995,000	870,000	[1] 1,291,000	330,000,000
Sugar beets	[2] 40,000	724,000	632,000	[1] 1,316,000	248,000,000
Flaxseed	1,454,000	108,000	95,000	1,251,000	36,000,000
Citrus fruits		54,000	47,000	[1] 101,000	18,000,000
Tobacco		62,000	54,000	[1] 116,000	53,000,000
Dairy products	2,952,000	54,000	885,000	2,013,000	300,000,000
Total	5,020,000	2,077,000	2,653,000	290,000	1,011,000,000

[1] Net loss.
[2] On basis of one-half the sugar duty going to the beet growers.

Cost to farmers as buyers of farm products	$2,077,000
Farmers gain as producers	5,000,000
Net gain to farmers on agricultural schedule	2,943,000
The State as a whole gains on agricultural schedule, net	290,000

Manufacturers' schedule

(62 industries only, comprising 40 per cent of the Nation's total on the basis of one-half of duties added to prices in certain industries)

Industries	Cost to farmers as consumers	Cost to nonfarming population	Cost to State	Cost to United States
7 heavy-steel products	$1,342,000	$1,173,000	$2,515,000	$445,000,000
16 light-steel products	3,256,000	2,846,000	6,102,000	1,082,000,000
34 general store merchandise	12,015,000	10,502,000	22,517,000	3,985,000,000
Total	16,593,000	14,521,000	31,134,000	5,512,000,000

Loss to farmers, manufacturers' schedule	$16,593,000
Loss to State, manufacturers' schedule	31,134,000

Farmers lose, on all schedules, net, $16,303,000. They lose $4 to $1 of gain.

The State loses, on all schedules, net, $30,844,000. It loses $6 to $1 of gain.

THE AGRICULTURAL SCHEDULES

There are three outstanding exceptions in respect to tariff benefits to farm products—wool, sugar, and flaxseed.

These three are on a scarcity basis. That is, we produce only one-third of the wool, scoured weight, one-sixth of the sugar, and a fraction of the flaxseed that we require. Consequently, our producers of these products have only to meet the price of the imported products after they have paid ocean transportation plus the tariff in full. This gives them the full benefit of the tariff. It does not, however, increase production, as some have predicted, and never will to the extent of one-half of our requirements.

WHEAT

The worthlessness of the wheat duty in 1929 is evidenced by the marketing of North Dakota and Montana wheat in Canada, and the payment of a duty of 12 cents a bushel at the border. This is an exceptional year, however.

For the 5-year average 1923–1927, American growers of high-protein wheat secured an average annual benefit of $17,500,000. They did it, however, at the expense of the Nation's crop as a whole. Like taking the best apples from the barrel, the rest of the crop was necessarily discriminated against in Liverpool prices and the gain to American farmers, as a whole, was offset mostly or wholly by the low prices of common wheat.

South Dakota farmers have sold premium wheat at an apparently excellent profit in small amounts and occasionally. They see this profit; they do not know that the price of United States wheat in Liverpool since the war has been 6½ cents lower than other wheat. No expert has been found who doubts that South Dakota has lost as much from this Liverpool discrimination as she has gained from her wheat premiums.

The gain of $17,500,000 went almost wholly to Montana, North Dakota, Kansas, Nebraska, and Colorado.

Believing the 5-year period 1923–1927 to be fairly representative, our estimate allows this $17,500,000 as the probable annual tariff gain on wheat to growers as a whole. It pyramids this sum 40 per cent to consumers of wheat. This is the known pyramiding on butter from milk to the consumer's table as determined by the Bureau of Agricultural Economics. Nothing can be added, fairly speaking, to the first price of any product without progressive percentage increases by each handler from producer to consumer.

CORN

Argentina is our only competitor. Said a representative of a corn-refining company, that has imported three-fourths of the corn brought in in 10 years, "Argentine corn is flint corn, deficient in starch, and relatively undesirable." Under the drawback provision of the tariff this company could import corn at a net duty of one-seventh of 1 cent per bushel for conversion at its seaboard factories and reexport to Europe where it has a big market.

In some recent years not a bushel of corn has been imported so far as Government reports show, except a little to be cracked for chicken and pigeon feed on the Atlantic seaboard, where this hard flint corn is preferred by some feeders; and a little more for the same purpose on the Pacific coast, where corn is little grown and freight charges are high from the nearest producers, Nebraska and Kansas.

The tariff tax on corn is a tax on chicken feeders and a bit hard on the Pacific coast. The tax has no effect on domestic prices.

Other cereals, like corn, are unaffected by the tariff.

PORK AND PORK PRODUCTS

Duty ineffective. Swine are "canned corn." We export huge quantities. We are the world's reservoir for pork and pork products.

WOOL

The wool tariff is the child of corruption. The resulting wool duties help dirt farmers as a whole not at all. They cost consumers $330,000,000, or about four times the total annual value of the wool clip. American farmers pay one-fourth of this cost, or $82,500,000. If fairness and intelligence ever prevail in the wool tariff, American wool growers will get as good protection as now, being about 35 per cent ad valorem. Consumers will save approximately $100,000,000 and farmers one-fourth of this.

As it is, foreign wool of the type raised here actually pays only 25 per cent to 35 per cent duty ad valorem, which should be the tariff rate. At this rate, woolgrowers are prospering greatly.

The present rate, 31 cents per scoured pound, equals 75 per cent, more often 100 per cent, and sometimes 150 per cent, on quantities of coarse, strong, serviceable wools, now prohibited by the tariff to American people of small means and used in Europe instead.

This tariff discrimination compels Americans of moderate means to use millions of pounds of shoddy, cotton, and other wool substitutes, at a sacrifice in money and comfort. It makes American rags sell in the English rag market for 25 per cent less than the rags of any other country. This richest country on earth has the poorest rags!

According to the Bureau of Agricultural Economics, the wool clip of 1929 (preliminary estimate) is 301,866,000 pounds. In the 5-year period 1909–1913 it averaged 272,248,000. That is, in the last 16 years, with the stimulation of the war and the present tariff, production has been increased only 38,000,000 pounds or about 15,000,000 pounds, clean weight, worth less than $1 per pound.

Under no conditions reasonably to be expected can consumption be increased further; that is, above the present production of 1 pound of clean wool per capita.

The wool tariff is pyramided threefold to consumers by the reasonable and necessary additions at each stage to the prices paid by the wool buyer, the spinner, the cloth maker, the clothing manufacturer, and the retailer.

The tariff law itself stipulates 45 cents compensatory duty on cloth per pound, or 50 per cent pyramiding from wool to cloth. This makes each dollar of wool duty into $1.50 in cloth. Add 30 per cent to this for the clothing manufacturer's cost and profit, and to that sum 33⅓ per cent of his selling price for the retail clothier, and we get three for one pyramiding. A bulletin from the Tariff Commission, giving clothing manufacturers' and retailers' margins, shows that this is slightly less than the common practice.

By this computation, as shown in the accompanying table, South Dakota woolgrowers gain from the tariff $574,000.

South Dakota farmers, as a whole, lose from the wool tariff $995,000.

The State loses from the wool tariff, net $1,291,000.

The Nation loses $330,000,000.

It must be said with emphasis that the suggested corrected wool tariff would not materially lower the woolgrowers' protection. The revision would be in the consumers' interests.

SUGAR

In some respects this is the strangest of the tariffs. The total value of the domestic sugar crop entering into consumption, i. e., excepting beets used for seed, is beets $50,500,000, and Louisiana cane $12,500,000; total, $63,000,000. The sugar tariff costs consumers $248,000,000, or four times the total value of the domestic crop, and yet the farmer producers are not prosperous as a whole. Domestic refiners collect the entire duty, about $45,000,000, on continental production; but it is commonly estimated that they pass on to the growers only one-half of this amount, or $22,500,000. This makes the cost of the tariff to consumers more than ten times the tariff benefit to farmers. Against this benefit of $22,500,000 farmers, as consumers, being one-fourth of our population, lose $60,000,000.

A principal difficulty with the sugar tariff is that it admits without duty the products of our island possessions, where sugar is produced at about the same cost as in Cuba, which sends us one-half of our total requirements under the duty of 1.76 cents per pound for raw. With this discrimination between Cuba and the Philippines, and the very low cost in the latter, the Philippines have virtually doubled their production since 1922 under the present tariff and have kept domestic production at about 1922 level. Cuban imports are steadily decreasing under this favored Philippine competition. Witness the crop in Cuba paid duties of $148,000,000 about three years ago, then $130,000,000, and last year $112,000,000.

The Hawley duty would give domestic refiners $16,400,000 more, with about $8,200,000 of this going to the growers, and would increase cost to consumers about $100,000,000 and still leave Philippine imports ever increasing.

If a bounty were given continental growers of 1½ cents per pound, being paid to the refiner as the duty is, but with the proviso that two-thirds of this bounty, or 1 cent, should be passed on to the growers, then the price of beets would be $10 per ton, or about 30 per cent more than now, with resulting great prosperity to the growers. The other third of the bounty would greatly benefit refiners.

In addition to this bounty, which only fairly equalizes production in the States with the Philippines, there should be a tariff like the present of about 1¼ cents per pound, benefiting alike the States and the Philippines as against Cuba. This duty equalizes production costs, as estimated by the Tariff Commission not long ago between the United States and Cuba. The McKinley tariff gave a bounty on sugar.

TOBACCO

We are the world's reservoir for tobacco, Europe sets the price. The tariff is ineffective, except on "shaded" tobacco grown under cloth covers in Connecticut, but without special profit. The tariff, $2.10 a pound, is for Connecticut's benefit. It is objected to strenuously by growers of ordinary tobacco, who want a lower domestic price on imported wrapper tobacco for wrappers to cover domestic filler tobacco with and consequently a better price for the great volume of domestic tobacco.

Even with this high tariff—$2.10 a pound—a big Connecticut producer went into bankruptcy not long ago. A high duty that costs consumers a great amount is often of little or no value to the farm producer (witness beet growers in Colorado), but only stimulates him to the use of a few acres impractically.

Georgia and Florida produce considerable "shaded" tobacco but sell it at an average of 50 cents per pound. What is a duty of $2.10 per pound worth on tobacco that sells for 50 cents? Many experts say worth nothing.

DAIRY PRODUCTS

The inescapable tendency in any product stimulated by a high tariff and capable of practically unlimited production is to bring new producers into the field until the domestic price pays no better than the price of commodities largely exported. There is this danger in dairy products. We are always near the export basis.

Also, each cent of addition to the butter price increases the consumption of oleomargarine $1,000,000—a deterrent to high butter prices. By merely better care of the herd, production can be quickly increased 10 per cent, and indefinitely increased in two years by increasing the herd—another deterrent to high prices.

Until recently Denmark was our only considerable competitor. Her climatic and other conditions are so like ours that able agricultural economists saw no decided money advantage in the butter tariff. Recently, however, New Zealand, with refrigerated ships, is making great and increasing exports, with no limit in sight to further increases.

In our four summer months, May and August, inclusive, when 46 per cent of our butter is produced, the New Zealand price in 1928 in London was from 6 to 8 cents lower than the New York price. but in our winter months, December–March, when we produce only 24.3 per cent of our year's output, it is lush spring and summer time in New Zealand, with maximum production and minimum costs. In 1928 New Zealand butter sold in London at 10 cents below New York in December, 15 cents in January, and 11 cents in February and March.

Consequently, a butter tariff of 14 cents is necessary as a winter stop-gap if we are to maintain New York's high winter prices for fresh and storage butter.

This 14-cent tariff is like the upper 3 feet of a Mississippi levee—of no use most of the time but desperately needed when needed at all.

The best authorities consulted judge the butter tariff worth 7 cents per pound on an all-year basis.

The above calculation uses this figure and reduces milk sold at the farm to a butterfat content on this basis. It allows on milk and cream only two-thirds of the tariff benefit to butter, because milk and cream never cross the ocean and are relatively a heavy, difficult, and perishable commodity.

In many parts of the country, where dairying is not organized, milk and cream are marketed on a cost-of-production basis and the tariff is of no benefit. Along the St. Lawrence River and the lower Lakes, however, much milk and cream are imported from Canada, and the tariff is as effective, substantially, as on butter, so the calculations for the Northeastern States would give them a better tariff benefit than is given the rest of the country.

IN CONCLUSION

If the tariff on wool and sugar is made reasonable, adequately protective, and not abusive of the consumer's rights, then, without qualification, a fairly high tariff on farm products is altogether desirable. It hurts no one. It steadies the market. It prevents infrequent imports in times of special distress to agriculture, from crop failure or destructively low domestic prices. The agricultural tariff, however, can never bring to American agriculture benefits measured in dollars, in actual price increases, that can be felt appreciably when spread over our gross annual farm production of $12,500,000,000.

The farmer's interest in the manufacturer's schedule is vital, in making certain that the money which he saves with difficulty is not taken from him in his purchases by unjust rates to manufacturers, that make amazingly rich corporations still richer by their procurement through legislative action of huge sums that, in fact, belong to others.

THE TARIFF ON MANUFACTURED PRODUCTS—EAST AGAINST SOUTH AND WEST

An exhaustive analysis of $24,000,000,000 worth, or 40 per cent of the total output of manufacturers in the United States ($62,000,000,000), based upon the commonly used Federal statistics of production, tariff duties and trade, shows that if the makers of eight heavy steel products, bars, structural, tin plate, pipe, etc., add only one-half of the tariff allowance granted them by Congress, they gain from the tariff annually $222,500,000.

It is commonly known that they add substantially all of the tariff.

If the makers of 20 highly finished steel products, hardware, cutlery, files, machine tools, electrical machinery, sewing machines, clocks, brass and bronze, aluminum manufacturers, etc., add one-half of their tariff allowance to their prices, then they gain from this tariff $541,000,000.

If 34 general industries, producing the things that fill our retail establishments, of a total factory value of $16,000,000,000—textiles, hosiery and knit goods, carpets and rugs, trunks and valises, toys, glassware, chinaware, oilcloth, perfumery, photographic goods, furs, shirts, clothing, rubber goods, musical instruments, etc.—if these makers add one-half of their tariff allowance to their prices, they get from the tariff nearly $2,000,000,000.

Manufacturers once denied that they added the tariff to their prices. Now they declare it and demand further increases for the very purpose of adding the increases to their prices.

The tariff is added in full by many, as many investigations have disclosed. In estimating the cost of the tariff to consumers in the above table and elsewhere it is assumed that only one-half of the tariff is added to prices in the 62 industries studied, which amount is distributed on a per capita basis.

Fifty per cent addition is too low for these industries; but it is best to be conservative, and it must be remembered that some strictly competitive industries gain nothing from the tariff. They only suffer from the high cost of the supplies that they purchase from the big industries that add the tariff. South Dakota manufacturers are of this class.

Farm-implement manufacturers suffered for years, but now they have pushed up their prices until the best of them make great profits. Farm implements are on the free list, but the makers pay $50,000,000 a year of tariff graft to their steel makers, which sum is pyramided by the additions of wholesalers and retailers to cover their cost of doing business and their profits until it became $100,000,000 to farmers in retail prices 10 years ago. It is probably more to-day because of the greater amount of steel used in the heavier farm machinery of to-day.

Assuming that lower costs would be reflected in lower prices and that the implement makers do not have price agreements, this hundred million dollars of tariff additions to articles on the free list is a peculiar tax upon American agriculture.

Likewise careful computations indicate that our railroads to-day pay one-half billion dollars too much for their rails, locomotives, and highly finished and equipped passenger and freight cars. Rails in American sections cost $32.50 per ton in continental Europe to-day, f. o. b. Antwerp, and delivered in the United States, duty paid, $38 to $40, depending upon lengths. They are $43 at the mill in the United States. Because of international agreements no foreign rails enter the United States except a very few light rails for timbering and light rails. And the United States Steel Corporation made $96,000,000 in the first six months of 1929. It made $53,000,000 in the third quarter of 1929.

FOR WHOM IS THE TARIFF WRITTEN?—THE EAST VERSUS THE WEST AND SOUTH

The big overprotected industries (owned mostly in the East, some with branch factories elsewhere) add all or most of the tariff to their prices. They are relatively few in number, however, though their output is enormous. More than three-fourths of our manufacturers and all small ones, like South Dakota's, work on a cost-of-production basis, some on almost a wage basis.

The following list of the nine principal manufacturing industries in South Dakota shows how little any of our strictly agricultural States get from the tariff. South Dakota is typical of Kansas, Oklahoma, Washington, Oregon, etc., and of all the Southern States, except for Alabama's steel industry, owned in the East, sugar in Louisiana, and a few fine cotton mills in North Carolina.

A careful study of Wisconsin, Illinois, Ohio, and Indiana shows that their manufacturers as a rule get almost no more from the tariff than the strictly farm States. Their industries are midway in development between South Dakota's and the seven Northeastern States previously considered.

When a tariff-profiteering industry is found in one of these States, like steel in Wisconsin, Illinois, and Indiana, aluminum in Wisconsin, and plate glass in Missouri, it is owned to such an extent by eastern capitalists that the western State gets only the general advantages that come from its local expenditures.

MANUFACTURING IN SOUTH DAKOTA—SOUTH DAKOTA'S PRINCIPAL INDUSTRIES—RANKED BY THE VALUE OF THEIR PRODUCTS (CENSUS 1920)

1. Butter.
2. Flour milling.
3. Bread and other bakery products.
4. Newspapers and periodicals.
5. Automobile repairing.
6. Cars and general shop construction by steam railway companies.
7. Lumber and timber products.
8. Confectionery and ice cream.
9. Planing-mill products.

This list is virtually duplicated in Nebraska and North Dakota.

In the East butter, bread, and ice-cream making, the repair of autos and railway equipment, and newspaper printing are scarcely thought of as manufacturing.

The tariff scarcely touches such industries.

MANUFACTURING IN THE NORTHEASTERN STATES—NEW JERSEY AN EXAMPLE

New Jersey is typical of Pennsylvania, Connecticut, Rhode Island, Massachusetts, Delaware, and New York. Of New Jersey's 62 principal industries, all are effectively protected except newspapers and periodicals, yeast bread, and four crude products—petroleum refining, copper smelting, fertilizer, and gold and silver reducing, not from the ore.

See to what effect, from this list of 21 taken from a larger and like list of her 62 principal industries.

Some of New Jersey's principal industries and their tariff allowances

(1) Products	(2) Tariff rates: Present law	(2) Tariff rates: Senate bill	(3) Per cent of production value received by labor	(4) Tariff allowance to New Jersey manufacturers under present law	(5) Cost to consumers, present law
	Per cent	*Per cent*	*Per cent*	*Million dollars*	*Million dollars*
Silk goods	55.9	62.2	15.3	77	154
Electrical machinery, apparatus, and supplies (except lamps)	31.2	30.1	22.7	27	54
Worsted goods	51.9	69.4	13.7	33	66
Chemicals	23.1	26.8	17.7	16	32
Cotton goods	34.4	44.1	13.8	15	30
Coal-tar products	51.1	50.8	24.2	15	30
Cheap jewelry (other than gold and platinum)	78.2	106.6	15.8	6	12
Millinery and lace goods	64.5	79.7	21.7	10	20
Knit goods (except gloves)	58.6	59.5	18.8	9	18
Paints	34.0	43.7	8.1	5	10
Earthen and stone ware	49.2	57.5	25.9	1	2
China and porcelain ware	68.2	72.2	41.9	5	10
Clothing, men's	55.6	57.0	34.3	6	12
Clothing, women's	64.2	71.6	24.7	7	14
Brass, bronze, and copper products	38.5	42.8	18.0	4	8
Glass	53.9	69.5	43.9	5	10
Tinware	40.0	45.0	16.6	4	8
Pumps, steam and other power	30.0	35.0	27.8	3	6
Shirts	37.5	51.5	15.3	3	6
Pencils, lead	39.7	39.7	22.2	3	6
Brick and tile, terra-cotta, and fire-clay products	35.7	54.5	38.1	3	6
Chocolate and cocoa products	18.5	35.8	4.6	2	4
Total				259	518

Column 2 shows first the tariff protection given to-day, and, second, the higher protection proposed in the Senate bill now pending.

Is the tariff first of all for labor? See column 3 and compare its rewards to labor out of each dollar of factory product with the rates given the manufacturers in column 2. The tariff should not equal the pay roll, but only the difference between our wage costs and foreign wage costs.

American factory wages are as cheap as any in the world in most of our highly organized industries. Our wage earners get more only because they produce more.

The girl who knits 1,800 pairs of men's cotton socks in a day for one-sixth of 1 cent per pair is not costly, although she accumulates $3 in a day.

The man who shapes 50,000 bricks in an hour is cheap enough at $1.25 per hour, or 2 cents per 1,000 bricks.

And all American factory labor is on much this basis. It is due to our mass methods that can not be duplicated in other countries with smaller populations, and consequently far less consuming power.

All Europe knows that until the seemingly Utopian hope for which it now strives, a United States of Europe, with free distribution in an area and population comparable to our country, is realized, we can and will produce substantially as cheaply as she now does. Indeed, her low wages are low simply because her conditions prevent our kind and degree of mass production.

There is no political lie so hurtful to American consumers' pocketbooks as the lie that tariff rates like the present are needed for labor's sake.

Note these judgments of great labor leaders, whose people need high tariff rates if any wage earners do. They are the sort that fill New Jersey factories.

"Informed men know that high wages with their resulting good health, good will, and energy, are cheap wages. To show this by facts and figures is more than a national service. It tends, by America's example, to raise the wages of all countries to the betterment of the race, as Mr. Miles shows. * * * Where American labor is falsely made an excuse for high tariffs that give $10 to trusts and price fixers to $1 to labor, our wage earners suffer with the rest.

"The Fair Tariff League and Mr. Miles should have the support of all who stand for the right use of protection and not its abuse." (Wm. H. Johnson, president, International Association of Machinists.)

"It is in the nature of things that well-paid labor is cheap labor. The well fed, well paid, well conditioned man or beast has little to fear from those of opposite sort. To decry American labor in general as not earning its wage, and on that charge to give great corporations a virtual monopoly of any of our domestic markets through excessive tariff rates is to challenge Divine Providence, that wills that men shall prosper in the measure in which they help others to prosper.

"We know too little of the power and value of America's relatively high wage scale. Mr. Miles's illustrations are refreshing and valuable. As he says, a committee of labor leaders, studying the tariff in cooperation with representatives of other economic groups, would render a valuable public service in finding what protection is needed and eliminating the element of exploitation from the tariff." (James P. Noonan, International Brotherhood of Electric Workers.)

"Tariff rates that are many times the difference in costs of production here and abroad are not helpful to labor. * * * Such rates and resulting high prices for the necessaries of life fatten trusts and oppress labor and the public generally * * *.

"Mr. Miles's article in the Engineer's Journal is a valuable contribution to the subject and to the public welfare.

"Where tariff protection or other legislation is needed to shield our markets from low merchandise prices due to sweated foreign labor, all political parties and all true Americans want that protection and will have it.

"Where American labor is made a cat's-paw for high tariffs that give $10 to trusts and the like to $1 to labor, our wage earners suffer with the rest." (Edward Keating, editor Labor.)

Our tariff for 50 years has been in many instances from ten to fifty times the difference in wage costs here and abroad per unit of product.

TARIFF BENEFIT TO MANUFACTURERS

Note, in column 4, in round millions of dollars, the sums granted New Jersey manufacturers by the tariff if they can add their tariff bounties to their prices, as they do so successfully in major part and often in full.

Where the sums are relatively small the industries are relatively small in New Jersey. The rates show that they get their full pro rata.

In all, these 21 New Jersey industries are allowed by the tariff $259,000,000.

Costing consumers $518,000,000.

New Jersey industries as a whole get from the tariff $747,000,000.

Costing consumers $1,494,000,000.

THE COST OF THE TARIFF TO CONSUMERS

The tariff on an imported article, or the tariff equivalent in a domestic article, is as much a part of the cost to its purchaser as any other element of cost. It is given the same percentages of mark-up by merchants as other cost elements.

Assuming as a convenient figure a duty amounting to	$1.00
Importer or wholesaler adds a minimum percentage to cover his costs of doing business and his profit, 25 per cent	.25
Price to retailer	1.25
Retailer adds 60 per cent	.75
Cost to consumer of each $1 of tariff, minimum	2.00

Much oftener the importer adds 33⅓ per cent and the dealer 80 per cent to 100 per cent, making each dollar of tariff paid equal $2.40 in the first instance, $2.66 in the second.

To these figures is to be added the "natural protection" which the Tariff Commission recognizes, i. e., the cost of land and ocean transportation, insurance, customs fees, etc., all marked up and decidedly increasing these figures.

Many imported articles retail fairly at five times their foreign factory cost.

It is, therefore, conservative, indeed, to estimate that the tariff allowance to manufacturers is doubled in retail prices to consumers.

As column 5 shows the $259,000,000 tariff allowance to New Jersey manufacturers, if added to factory prices cost consumers of these 21 products, made in this one little State, $518,000,000.

If only one-half of their tariff allowances is added to prices in 62 industries in the United States (producing only 40 per cent of the Nation's output) that have been carefully studied, the tariff cost to American consumers of these products only is $5,512,000,000.

The total cost on all manufactures can scarcely be less than $8,000,000,000.

Not all of their $5,512,000 of tariff allowance sticks to the manufacturers' fingers, but they keep a plenty. Witness the profits of a few of them:

Earnings available for dividends on certain preferred and common stocks after all deductions for interest, taxes, and depreciation

Name of company	First half of 1929	Full year 1928	Full year 1927
United States Steel Corporation	$96,011,290	$114,173,775	$87,896,836
United States Cast Iron Pipe & Foundry	(1)	1,812,227	3,373,976
Union Carbide & Carbon Co	14,528,243	30,577,383	25,340,661
Allied Chemical & Dye Corporation	(1)	26,962,442	24,586,873
Westinghouse Electric & Mfg. Co	30,131,381	20,814,940	15,639,172
Commercial Solvents Co	1,794,924	2,929,420	2,012,875
Aluminum Company of America	(1)	20,672,750	15,108,024
Du Pont de Nemours Co	41,536,412	64,097,798	45,947,832
General Electric Co	32,028,154	54,153,806	48,799,488
Johns Manville Corporation	5,522,396	5,589,399	4,108,160

[1] Publishes annual report only.

United States Steel Corporation third quarter, July–September, 1929, $53,000,000.

South Dakota's tariff loss seems small indeed as compared with other agricultural States. The loss is heavy, however, for so small a population. It is lessened by the high protein wheat that her almost virgin soil will fail to yield a few years hence, as Minnesota's has recently, and Wisconsin's, and other older States did long ago.

Note below the losses of more populous farm States, less favored by tariff-benefited crops.

WHAT SOME COLLECT OTHERS MUST PAY—THE GIST OF IT ALL—A CONTRAST BY STATES—TARIFF PROFITS AND LOSSES

Profits, Northeastern States

New Jersey	$813,000,000
Pennsylvania	1,393,000,000
Massachusetts	814,000,000
Connecticut	386,000,000
Rhode Island (preliminary estimate)	207,000,000
New York (preliminary estimate)	1,800,000,000

Losses, Western and Southern States

Nebraska	62,956
Wisconsin	129,000,000
South Dakota	30,844,000
Texas	177,000,000
Georgia	109,783,000
Florida	41,818,000
Minnesota	123,000,000
Kansas	86,225,000
Pennsylvania, farmers only	41,662,000
Illinois, farmers only	43,440,000
Indiana, farmers only	36,065,000
Iowa	119,000,000
Colorado	47,200,000
North Dakota	21,802,000
Idaho	22,031,000
Washington	77,055,000
Utah	22,750,000

The tariff is written by the Northeast for the Northeast, at the expense of the West and South. This is sectionalism of the worst sort.

HOW IT HAPPENS

Tariff making is an art; the devil's art in America for two generations. It begins with elections, the befooling of the public with flag waving, prating upon the beneficence of protection, and omitting consideration of its right application and use.

It dishonestly pictures laboring conditions abroad in respect to wage costs and conceals all evidence of the equally low cost of American wages per unit of product.

THE SENATE FINANCE COMMITTEE

In Congress it secures to northeastern manufacturing States the control of the committees that write the tariff bills.

Of the 11 Republican members of the Senate Finance Committee who wrote the Senate bill, five are from New England, Pennsylvania, and New Jersey. Two are western wool and sugar men with like predatory desires. This has been the character of this committee for a generation.

Is it not clear who wrote the tariff and to what purpose?

There was not a nationally minded representative of consumers or farmers among them. None wanted, of course.

The Senate bill is tainted with self-interest. It offers no fair basis for action.

Congress is stalled. The profiteers are estopped, but they took care that there is no chart nor compass nor adequate means of determination for those of right views who are now in power.

A MORAL ISSUE

This is not the core, it is the seed inside the core; the tariff is a moral issue.

Legislation has broken down. Honest tariffs must rest upon the finding of a "semijudicial competent fact-finding body," such as the Tariff Commission was intended to be and was originally.

The tariff profiteers destroyed the value of the commission by changing its personnel, because the findings of the first commissioners when the present tariff law was enacted—in 1922—showed the profiteers that they had to "get" the commission or the commission's findings would get them.

The coalition Senators will not make a dishonest tariff and they can not make an honest and accurately determined tariff for want of information. They have virtually no exact knowledge of costs of production here or abroad, and no immediate means of finding out. Bless them! they know little of the tariff tricks in the present law or how to find them out.

Having prevented the accumulation of necessary data and with moral sense unchanged, the regulars now desire some sort of compromise.

Any compromise will leave the tariff full of dishonesty and tricks, though the total losses to consumers will easily be lessened.

Congress can cleanse the Nation's conscience and teach men that tariff dishonesty will not be legalized only by appointing a competent committee with power to secure all necessary data. It can not handle the tariff adequately until such a committee reports.

Germany, some 25 years ago, spent four years—she had the time—in framing her tariff, the best protective tariff any country ever had and satisfactory to everyone. It promised to last forever, until the World War upset everything. It took the tariff out of politics. It left nothing to argue about. It was as natural and comforting as sunlight. It left the national mind free for other and greater issues. It put all national interests in proper perspective. Elections were more honest and legislation of better tone.

Our Congress can not wait four years. It can not well wait less than two to six months. Then it can enact a proper law upon a proper committee's findings in from one to three weeks and we won't hear of the tariff for many years to come. Then in remote years Congress can understandingly and easily make such adjustments as are then needed in consequence of our further and inconceivably further progress in production and in world trade and influence. Every later revision should rest upon the beneficent experience and influence of a right tariff made now, and after its beneficent operation for many years.

Our children will bless us if we take time to make the pending tariff right.

But the coalition will make the best revision it can now. This should, like the emergency tariff of 1921, be followed as soon as possible by a tariff as here suggested based on complete and thorough findings, not overlooking hundreds of rates, thoroughly deceptive and unfair, that Congress can not now consider carefully because they are necessarily hidden from view by the greater problems that can not be overlooked.

FAIR TARIFF LEAGUE,
H. E. MILES, *Chairman.*

WASHINGTON, D. C., *November 21, 1929.*

Hon. PETER NORBECK,
United States Senate.

DEAR SENATOR NORBECK: You, like Senators NORRIS, WALSH [Montana], and BROOKHART, have shown such confidence in the tables and accompanying statements which I have prepared as chairman of the Fair Tariff League, upon the Senators' requests, as to insert them in the CONGRESSIONAL RECORD as informative and dependable. Their dependability was decried in the Senate on November 19 by Senator SMOOT, of Utah.

I submit the following statement that you and others may the better judge the value of the Fair Tariff League's findings.

I say the league's because the league expresses the judgment, past and present, and for a period of 20 years, of the best nationally respected and honored experts in this country in the various fields covered by the league. Its chairman only brings together these many judgments and presents them.

Of course, he concurs in those judgments and uses his own; but in only one case in not less than one hundred have the experts consulted in the Bureau of Agricultural Economics, the Bureau of Labor Statistics, the Tariff Commission, and many State departments of agricultural economics, and in agricultural colleges, and in manufacturing and distribution differed either among themselves or with the chairman of the league.

The studies are further fortified by many trips to Europe, the inspection of industrial plants from Lombardy in Italy to Scotland, including France, Germany, Belgium, and England, and with the assistance of our foreign consuls, American chambers of commerce abroad, and the informal assistance of members of foreign governments and associations of manufacturers.

The limitation of income, natural in altruistic group work, has been offset by such encouragement and requests, very many in number, as President Roosevelt's "Keep it up, keep it up, I am with you heart and soul." And at another time, "Stay longer [in Washington] next time and help me with such men as ———" [pointing to a stand-pat steel Senator]. All this is as nothing, however, unless each of the league's studies is fairly excellent in and of itself.

As to Senator SMOOT, I am delighted to agree with him in what I take to be the meaning of the table showing the "supposed protection to producers" upon American farms.

I am sure the Senator did not know that on June 18 Senator BROOKHART, of Iowa, inserted a table prepared by me and substantially identical with Senator SMOOT'S table, except that mine covered the United States instead of five States only.

Below I present this earlier table unchanged except by the addition of cotton, one of our greatest crops and the main dependence of a dozen States. Cotton is on the free list, but it is as much protected as that other great product, pork and pork products, of which we export vast quantities, and wheat in this year of our Lord with its duty of 42 cents per bushel, when Montana and North Dakota farmers are paying a 12-cent duty at the border and marketing their wheat in Canada to better advantage than in their own home.

The tariff on agricultural products

Article	Unit of quantity	Production, 1928		Tariff rate		Value of protection			
						Fordney law		Hawley bill	
		Quantity (millions)	Value (million dollars)	Fordney law	Hawley bill	Nominal (million dollars)	Effective (million dollars)	Nominal (million dollars)	Effective (million dollars)
Group 1:									
Wheat	Bushel	903.0	600.0	42 cents per bushel	42 cents per bushel	379.3	17.6	379.3	17.6
Corn	do	2,840.0	2,000.0	15 cents per bushel	25 cents per bushel	426.0	0	710.0	0
Oats	do	1,449.0	593.0	do	15 cents per bushel	217.4	0	217.4	0
Barley	do	356.0	197.0	20 cents per bushel	20 cents per bushel	71.2	0	71.2	0
Rye	do	41.0	36.0	15 cents per bushel	15 cents per bushel	6.2	0	6.2	0
Rice, rough	Bushel (45 pounds).	42.0	37.0	1 cent per pound 45 cents per bushel	1¼ cents per pound 56¼ cents per bushel	18.9	6.2	23.6	7.7
Flaxseed	Bushel	19.0	115.0	40 cents per bushel	63 cents per bushel	7.6	5.7	12.0	9.0
Potatoes	Bushel (60 pounds).	463.0	250.0	½ cent per pound 30 cents per bushel	¾ cent per pound 45 cents per bushel	138.9	3.5	208.4	5.3
Onions	Bushel (57 pounds).	19.0	22.6	1½ cents per pound 85½ cents per bushel	2 cents per pound $1.14 per bushel	16.3	4.3	21.7	5.7
Lemons	Pound	525.0	22.7	2 cents per pound	2 cents per pound	10.5	7.9	10.5	7.9
Figs	do	20.0	2.0	do	5 cents per pound	.4	.4	1.0	1.0
Peanuts	do	1,230.0	56.0	4¼ cents per pound	4¼ cents per pound	52.3	5.3	52.3	5.3
Walnuts	do	50.0	10.5	4 cents per pound	5 cents per pound	2.0	2.0	2.5	2.5
Almonds	do	27.0	4.6	4¾ cents per pound	5½ cents per pound	1.3	1.3	1.5	1.5
Hay	Ton (2,000 pounds).	106.0	1,243.0	$4 per ton (2,240 pounds) $3.58 per ton (2,000 pounds)	$4 per ton (2,000 pounds)	379.5	0	424.0	0
Tobacco, leaf	Pound	1,373.5	254.3	35 cents per pound	35 cents per pound	480.7	3.1	480.7	3.7
Hogs	do	13,494.0	1,209.0	½-cent per pound	2 cents per pound	67.5	0	269.9	0
Eggs	Dozen	2,162.0	110.0	8 cents per dozen	10 cents per dozen	173.0	17.0	216.2	20.0
Cotton	Bales	14.5	1,301.8	Free	Free	0	0	0	0
Total, Group 1			8,064.5			2,449.0	74.3	3,108.4	87.2
Per cent of production						30.4	0.9	38.5	1.1
Group 2:									
Butter (1927)	Pound	2,097.0	776.0	12 cents per pound	14 cents per pound	251.6	105.0	293.6	105.0
Cattle (including calves)	do	16,640.0	940.0	1½ cents per pound	2 cents per pound	249.6	45.0	332.8	45.0
Wool and mohair (including pulled wool)—									
In the grease	do	365.5	142.7	31 cents per pound (clean)	34 cents per pound (clean)	52.0	52.0	57.1	57.1
Clean content	do	167.9							
Sugar, raw, from—									
Sugar beets	Ton	8.0	63.0	1.76 cents per pound (Cuban)	2.40 cents per pound (Cuban)	22.5	22.5	30.7	30.7
Sugar cane	do	1.2							
Total, Group 2			1,921.7			575.7	224.5	714.2	237.8
Per cent of production						30.0	11.7	37.2	12.4
Grand total, Groups 1 and 2			9,986.2			3,024.7	298.8	3,822.6	325.0
Per cent of production						30.3	3.0	38.3	3.3

A principal purpose in this table was to show what the Senator delighted to show in his, that, in his language, it is "absurd, foolish—idle arithmetic" to estimate that the tariff on agricultural products is effective.

If the chairman of the Senate Finance Committee is helped by his own figures to this insight and conclusion, much has been accomplished. Possibly, he will help our farm population of 25,000,000 souls and the 30 States that live by agriculture to fully understand and appreciate, as they are coming to anyway, "the futility," "the absurdity" of their long-cherished hope for financial relief through the tariff.

At this point the Senator parts company with the representatives of more than a million farmers, of 800,000 wage earners, and the many other economists and other advisers and directors of the Fair Tariff League.

I have no reason to believe that the Senator knows with the least accuracy, or in sums that he would venture to state, what is the penny worth of good, after all, in dollars and cents to our farmers in the tariff?

The Senator's table ends in "foolishness and absurdity." I commend him and others to a study of the method underlying and the conclusions of the league's table of five months ago. There may be a lesson even for him in this table, its methods, and conclusions.

The league's table, born of the lifelong experience and great travail of 20 most capable experts shows that on crops (1928 census) valued at $8,000,000,000, or two-thirds of all farm products, the present tariff would, if effective, give the producers two and one-half billion dollars and would raise present farm prices about 30 per cent. It would make American farmers rich, happy, and comfortable beyond their dreams. In this the Senator and I agree.

Here is the "foolishness" of it all. Instead of giving this vast amount and 30 per cent increase in farm prices the present tariff gives to these products $74,000,000 only or nine-tenths of 1 per cent—nine-tenths of 1 per cent.

When to these products is added another group, more helped by the tariff, butter, cattle, wool, and sugar, the present tariff ostensibly presents to American farmers $3,000,000,000 to increase their prices 30.3 per cent. "Idle arithmetic!" It gives them in fact, and including the badly written wool and sugar items, a little less than $300,000,000, or 3 per cent.

The tariff is worth to American farmers just 10 cents on the dollar of its face value. And the table shows what farmers get that and how nearly nothing goes to possibly 85 per cent of them.

The table shows that, "most foolish and absurd of all," Congress has been fretting, been bothering itself and the country, for some seven months to make "foolishness" more foolish; that is, to add $800,000,000 of ostensible protection, to lift tariff rates ostensibly from 30.3 per cent to 38.3 per cent, but in fact to lift effective protection from 3 per cent to 3.3 per cent. All this fuss for three-tenths of 1 per cent, and that badly distributed.

If the Senator from Utah disbelieves these figures, the 1 expert out of 20, who disagreed with them on one item and showed me statements which he said he was preparing for the Senator, this man can probably make a table in disproof satisfactory to the Senator.

The Senator, without seeking information from the league as to its methods, and certainly ignorant of them, states that the league lacks discrimination.

Be it known, as an example of methods, that the league's statement on dairy products resulted from the infinite pains of many experts in and out of the Bureau of Agricultural Economics, was approved by a foremost representative of our greatest dairy association, and prepared by a gentleman who writes bulletins in the Agricultural Department. In behalf of those gentlemen, I say what I know, that this is the best finding, if not the only worth-while one, to date.

Findings on early vegetables in southern Florida were made with equal care from the general finding and data of the Tariff Commission and the Bureau of Agricultural Economics, and many personal conferences.

And so through the list, with the results presented and described in the statement on Iowa, inserted by Senator BROOKHART in the CONGRESSIONAL RECORD November 12, and your statement on South Dakota, to be inserted to-morrow.

Senator SMOOT implies that the league's experts, or its chairman, calculate that the tariff benefits to any product are doubled in prices to consumers.

The tariff on butterfat is pyramided only 40 per cent from the farm through the creamery to the consumer's table, as a thousand reports to the Bureau of Agricultural Economics shows that it should be.

Other farm products are pyramided in the same percentage with the statement that this is minimum and should be more on some products.

By contrast, the tariff on wool is trebled upon abundant basis in fact. For instance, the tariff itself pyramids the duty of 31 cents on clean wool to 45 cents per pound in cloth, being the present compensatory duty.

This means that each dollar of the wool duty is $1.50 in cloth.

A bulletin of the Tariff Commission and the declarations of the clothing manufacturers for years show that they add 30 per cent to the cost of all their materials, including wool (with its tariff cost included, of course), to cover their own costs and profits, and that to this result retail clothiers add 50 per cent, making the pyramiding a little more than three for one.

The league's statement, that factory prices are doubled to consumers by reasonable and necessary charges for costs and profits, by jobbers, wholesalers, and retailers, successively, is upon advice of not less than 50 of America's best wholesalers and retailers. It is a matter of common knowledge and common experience.

It is tiresome to note these evidences of the league's discrimination in substantially every item covered by its analysis of $24,000,000,000 worth of American factory products that cost consumers approximately $48,000,000,000 at retail; but ignorance in high places must be answered.

The Senator implies that because the league finds the tariff effective in heavy steel products and other products distinguished for the tariff greed, the lobbying, and the monopolistic character of their makers and that the tariff on these articles is doubled to consumers, therefore, the league would double the tariff benefits on all products.

In the table on Pennsylvania and her tariff graft granted by Congress in the sum of approximately $1,376,000,000 "to be added to their prices, if possible," by the manufacturers (note the quote), slaughtering and meat packing was omitted from the table with the explanation that the duties were high, but essentially of no value to the manufacturers. Sugar was omitted with the statement that the entire duty is added, but of no value to seaboard factories that pay the duty in full and pass it on with so slight an addition as only covers the interest charge. The sugar duty is a gift to western refiners who pay no tariff, add all the tariff, and keep half of it. They are mostly in and near Senator SMOOT's bailiwick.

New York State clothiers were charged with less than half the duty because they pass on at least half to the makers of their outer cloth, linings, and other findings.

Southern States are given a per capita consumption of only one-half of the North's in dairy products and two-thirds in general merchandise. The league's tables are full of discriminations.

For the worst instance that I know, of a lack of discrimination in a serious statement intended to convince, note the Senator's plea that the drop in commodity prices since 1919 is evidence of the beneficence of the protective tariff.

The Senator uses the price index of the Bureau of Labor Statistics and calls attention to the fact that that index takes the year 1926 as par or 100. Accepting that as the par year, why does not the Senator use it?

Instead, he never uses it but stakes his argument on the fact that prices have declined 52.9 per cent for all commodities from 1919 to June, 1928.

From what year? From 1919—almost peak war prices—telling only of the blood and travail and cost of war. And this drop the Senator attributes to the beneficence of the protective tariff.

In fact, prices on general commodities have dropped since the Senator's par year, 1926, 2.4 per cent, which figure may be taken for what it is worth; likewise for the rest of his figures.

I am a dyed-in-the-wool protectionist, with more reasons for it than those have who know Europe less well than I do; but I can not ascribe declines from war prices to protection, beneficent as protection would be if honestly applied.

The Senator's figures disclose, not from his statement, but otherwise, that steel prices declined 7.8 per cent from 1926 to 1928. Like the Senator, I might attribute this to tariff protection did I not know that the steel companies were consolidated principally, as respects profits, for the capitalization of the tariff by price fixing. I was a party to one of their price-fixing arrangements. I have compared foreign and domestic steel prices frequently since the consolidation in 1901.

Just before the consolidations, when Carnegie was making his millions, agricultural implement and wagon men, including myself, were buying bar steel for 80 cents per hundred pounds. For years after the consolidations, the price was just twice that or $1.60. The price has always been the European price, plus freight, plus the tariff.

The price of open-hearth steel by the last quotation obtainable, October 17, last, from Belgium was $1.86, duty paid and freight as against $1.90 in Pittsburgh.

The 7.8 per cent decline in steel prices from 1926 to 1928 was because foreign producers lowered their prices this much. Our domestic producers had to change theirs accordingly.

It is because of this capitalization of the tariff that the United States Steel Corporation made $53,000,000 in the 90 days ending September 1, last—excuse me, they did not make it, they got it by act of Congress in the tariff at the expense of 90 per cent of the constituents of our Congressmen.

I share with everyone a great admiration of our steel men. I have to regret the subserviency of Congress in seizing unrighteously and as a trustee, private funds for transfer into the pockets of extremely

capable money makers and tariff profiteers, with no slightest proof of the sort that would permit an ordinary trustee to transfer a dollar of anyone's money.

I do this with no lack of appreciation for the high character and intentions, generally speaking, of men like Senator SMOOT.

When the steel men were beseeching the Ways and Means Committee for high tariff rates in 1909 on the ground of "poverty and protection"—not a new couplet—Andrew Carnegie, who knew something about steel, called the committee's attention to the last annual statement of the Steel Corporation, showing an average profit of $15.50 per ton.

Said Mr. Carnegie: "No judge is ever permitted to sit upon a case in which he is interested, and you will make the greatest mistake in the world if you give too much weight to their testimony. * * * I don't judge by figures, but by results. * * * There are more ways of figuring cost than there are of killing a cat. It is simply a matter of bookkeeping. * * * The cost of producing rails at Gary will not be half as much as in England, notwithstanding the cheaper cost of labor abroad."

It is because that committee and that Congress "with malice aforethought" went diametrically contrary to Mr. Carnegie's advice, which the committee knew to be right in respect to steel and 500 other commodities, that I started the movement for a tariff commission, and that the first commission gave the Congress that enacted the present tariff act such astonishingly accurate and dependable information that the tariff profiteering industries virtually suborned the commission by putting their own representatives upon it.

It is because of this general situation that substantially all small manufacturers hate the tariff when they come to know it and that the Fair Tariff League finds justification in its endeavor or any endeavor anywhere to free the tariff of its corruption and make protection what it ought to be, as simple and beneficent as sunlight.

Every manufacturer, and there are many, who investigates at first hand the work of the Fair Tariff League and its predecessor organizations respect it. Rarely this respect is expressed in the language of a dishonest wool manufacturer, who said of me, "Damn him, damn him; but, damn him, he's got the facts."

Some of us must take their compliments in whatever way they come.

Respectfully submitted.

H. E. MILES,
Chairman Fair Tariff League.

PRESIDENT'S CONFERENCE WITH INDUSTRIAL AND BUSINESS LEADERS

Mr. ODDIE. Mr. President, I ask unanimous consent to have printed in the RECORD a very able and timely article from the New York Times.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

TEXT OF HOOVER'S STATEMENT ON BUSINESS SITUATION AS REPORTED BY BUSINESS LEADERS

WASHINGTON, November 21.—The text of the White House statement on the President's conference with industrial and business leaders was as follows:

"The conference this morning of 22 industrial and business leaders warmly indorsed the President's statement of last Saturday as to steps to be taken in the progress of business and the maintenance of employment.

"The general situation was thoroughly canvassed, and it was the unanimous opinion of the conference that there was no reason why business should not be carried on as usual; that construction work should be expanded in every prudent direction, both public and private, so as to cover any slack of unemployment.

"It was found that a preliminary examination of a number of industries indicated that construction activities can, in 1930, be expanded even over 1929.

"It was stated, for instance, that the telephone company was proposing to assist by a considerable expansion in their construction and betterment program over the year 1929, during which year this company expended something in the neighborhood of $600,000,000 for this purpose.

"It appeared that the power, gas, and other public utilities could undertake a program in excess of 1929, the details of which would be developed at a special meeting of the leaders in the industry to be called, after which the program would be announced.

"The leaders in the automobile industry expressed the opinion that whereas, in 1929, production was unusually large due to the carry-over of a great deal of unfinished business from the previous year, they confidently expected that, except for this excessive margin, the industry should quickly return to its normal production.

"In the steel industry it was stated that large construction programs would be undertaken for replacement of antiquated and obsolete plants.

"It was considered that the absorption of capital in loans on the stock market had postponed much construction, and that the flow of this capital back to industry and commerce would now assist renewed construction.

"It was the opinion that an indirect but very substantial contribution could be made to the extension of credit for local building purposes and for conduct of smaller business if the banks would freely avail themselves of the rediscount privilege offered by the Federal reserve banks.

"The meeting considered it was desirable that some definite organization should be established under a committee representing the different industries and sections of the business community, which would undertake to follow up the President's program in the different industries.

"It was considered that the development of cooperative spirit and responsibility in the American business world was such that the business of the country itself could and should assume the responsibility for the mobilization of the industrial and commercial agencies to these ends, and to cooperate with the governmental agencies.

"The members of the group agreed to act as a temporary advisory committee with the Secretary of Commerce, who was authorized to add to the committee. Mr. Julius Barnes, chairman of the chamber of commerce, was asked to create an executive committee from members of this group and the various trade organizations, who could assist in expansion of construction and maintenance of employment. A definite canvass will be made of the different industrial fields to develop the amount of such construction."

TARIFF ON SUGAR

Mr. FLETCHER. Mr. President, I ask unanimous consent to have printed in the RECORD a resolution adopted by the Board of County Commissioners of Martin County, Fla., relative to the tariff on sugar.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

EXCERPTS FROM MINUTES OF BOARD OF COUNTY COMMISSIONERS, MARTIN COUNTY, FLA., NOVEMBER 5, 1929

TUESDAY, NOVEMBER 5, 1929 (AT 10 O'CLOCK A. M.).

Board of County Commissioners in and for Martin County, Fla., met in regular session at the courthouse on this 5th day of November, 1929, with the following members present:

R. L. Wall, chairman; Phil Y. Cason, Fred Hildebrand, sr., and C. H. Munch, with J. R. Pomeroy, clerk; John J. Moore, attorney; and Marion M. McGee, sheriff. The meeting was called to order by the chairman, and the following proceedings were had:

IN RE SUGAR TARIFF

"Upon motion of Commissioner Phil Y. Cason, seconded by Commissioner C. H. Munch, the following resolution was adopted:

"'Whereas it has been fully demonstrated that there are vast areas of wild and undeveloped lands in Florida which are highly adapted to the cultivation of sugarcane, and if properly cultivated will become the leading cane-sugar producing section in the Union; and

"'Whereas, although growing of sugarcane is far beyond the experimental stage, it is still an infant industry in this section of the country, and in order to protect the same against foreign competition, where standards and living conditions do not require the same standard of wages as prevail in the United States, it is necessary to increase the duty coming from such countries: Therefore be it

"'*Resolved by the Board of County Commissioners of Martin County, Fla.*, That our contingent in Congress be, and they are hereby, urged to use their best efforts to secure a reasonable increase in the tariff duty on sugar; be it further

"'*Resolved*, That a copy of these resolutions be mailed to each Senator and the Congressman from this district.'

"R. L. WALL, *Chairman.*

"Attest:

"J. R. POMEROY, *Clerk.*"

STATE OF FLORIDA,
Martin County:

I hereby certify that the foregoing is a true and correct copy of said resolution as recorded in county commissioners minute book 2, page 15, of the public records in this office.

Witness my hand and seal of office this 19th day of November, 1929.

J. R. POMEROY, *Clerk,*
By P. B. CLEVELAND, *Deputy Clerk.*

RESOLUTIONS OF ARIZONA PEACE OFFICERS' ASSOCIATION ON LAW ENFORCEMENT

Mr. ASHURST. Mr. President, I ask unanimous consent to print in the CONGRESSIONAL RECORD a copy of a resolution adopted by the Arizona Peace Officers' Association at their annual convention on the 28th of October, 1929.

These peace officers are engaged in the performance of arduous and, at times, dangerous duties. I believe their views on law enforcement, as indicated by this resolution, should be printed in the RECORD.

I have not offered the preamble for printing, as I am aware that under the procedure of the Senate the preamble is no part of the resolution and, therefore, could not be printed.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

Be it resolved, That we, the members of the Arizona Peace Officers' Association, in convention assembled at Phoenix, Ariz., on Monday, the 28th day of October, 1929, who are engaged as peace officers in the defense of our Nation and in safeguarding the rights of its citizens, do respectfully request the Congress of the United States to take such steps as may be necessary to provide adequate interpretation of what existing laws there may be to cope with communism in the United States or else take the necessary action to provide such law as may be required to definitely define the status of communism as a doctrine propagated and directed by an alien power for the purpose of destroying the Government of the United States of America, and to definitely provide for the cancellation of citizenship and incarceration or deportation of all individuals embracing communism; and be is further

Resolved, That this resolution be forwarded to the Arizona delegation in Congress, to the Secretary of the Department of Labor, to the chairman of the Immigration Committee in Congress, and to the press, and that the members of the Arizona Peace Officers' Association individually do everything in their power to bring about the enactment of such legislation.

INDUSTRIAL CONDITIONS AND UNEMPLOYMENT—ADDRESS BY SENATOR WAGNER, OF NEW YORK

Mr. COPELAND. Mr. President, I ask unanimous consent to have printed in the RECORD an address by my colleague [Mr. WAGNER], delivered yesterday in the National Radio Forum, broadcasting over a nation-wide hook-up of the Columbia Broadcasting System, and conducted by the Star, of Washington, D. C.

There being no objection, the address was ordered to be printed in the RECORD.

Senator WAGNER spoke as follows:

Ladies and gentlemen, to be an American is to be an optimist. We have vast agricultural resources. We are equipped with a huge industrial capacity in first-rate condition. We number 40,000,000 men and women capably and willingly at work producing the things we want. It is impossible to contemplate these national blessings and be pessimistic of the future.

Recent disturbances in the stock market and the commodity markets have, of course, been extremely serious for the unfortunate persons who have lost their savings and capital. But, after all, the prosperity of the country as a whole depends not so much upon the events of the past as upon the efforts of the future. In our supplies of raw material, in our factories, and in our capacity to think and work are the true soil and seed of our prosperity. These have not changed by reason of recent market collapses. They are still capable of functioning in our behalf, provided we exercise reasonable ingenuity and foresight in preventing the economic machinery of the country from running out of kilter.

The greatest single asset possessed at the present time by the American people is their faith and confidence in themselves and their hopeful outlook on the future. By that I do not mean that we shall walk the road to plenty by simply feeling brave and being thoughtless. Every member of the business community must soberly consider the present situation and undertake to discharge fully the responsibility which it imposes upon him. That is the way of courage. Frankly, the danger to be met is the ever-present possibility of unemployment. That must be avoided at all hazards and at all costs.

Unemployment is dangerous because it affects not only the man out of a job but every other workingman and workingwoman. Unemployment is a spreading disease. An idle man is a poor customer. Poor customers make for accumulated stocks, canceled orders, curtailed production, and more unemployment. It is a vicious circle from within which it is difficult to escape. Once formed it has a tendency rapidly to grow and as it grows it engulfs ever-increasing numbers of wage earners.

An employed worker, on the other hand, earning good compensation, reasonably certain of his job, has the very opposite effect. He is a good customer. His purchases are the switches which turn on the current of production in a thousand industries.

The moral of the parallel which I have drawn is that it is the duty of every employer of labor to continue to maintain the purchasing power of the great masses of people.

For hundreds of years people have wondered and speculated why it was so difficult to keep industry steady. When business starts to move upward it has a tendency to swing too far, to produce too much, to expand unnecessarily, and to develop what is commonly called a boom, which necessarily collapses, and business then descends far below its normal level and causes a slump. Industrial operation is restricted, profits disappear, bankruptcy takes its toll, and unemployment is everywhere. This recurring situation is one with which every business man is familiar and is generally called the business cycle. It has come upon us fifteen times in the last 120 years. Until quite recently it was believed that this alternation of boom and slump, of feverish activity and depressing idleness was inevitable. Many still regard it as one of the immutable laws of nature. If that were true, it necessarily meant that a portion of our people were regularly doomed to unemployment and poverty. I could never subscribe to such a faith. I am unwilling to believe that the same genius which has created the remarkable industrial development of the United States is incapable of preventing and eliminating its greatest defect.

Whether we look upon unemployment from the point of view of the idle man, deprived of wages and the necessities which they buy, deprived of his courage and morale, or whether we look upon it as one of the grossest forms of industrial inefficiency and waste, the determination must be made that it can and will be eliminated. Because we did not know how to prevent unemployment we chose to believe that it could not be prevented. We were in a similar frame of mind about malaria until a great American showed that it could be eradicated. The same will one of these days be accomplished for unemployment, and then a grateful people will wonder that we permitted ourselves so long to suffer the privation, the destitution, and the demoralization that enforced idleness brings in its wake. I have that trust in the capacity of our people to master its difficulties, to solve its problems, to overcome obstacles in the way of a better and fuller life that I have regularly maintained that if only our attention could be focused upon the problem, a solution would soon be forthcoming. It was such a motive that partly prompted me to call for an investigation of unemployment during the depression of 1927. One of the results of that preliminary investigation was that the Senate directed one of its committees to study the question of unemployment and to report its findings and its recommendations. The most encouraging revelation of that committee was the uniform success which had attended wholehearted efforts by wide-awake manufacturers to solve their own individual problems of the regularization of work. It has been accomplished in such widely different fields as the manufacture of hats, the packing of tropical fruits, the canning of tomatoes, the manufacture of shoes, soap, and paper tags. In return for the effort to bring about continuous operation—and it requires constant application—the management has in each case reported a smaller turnover of labor, greater efficiency, lower overhead, greater dividends, happier executives, and more satisfied employees.

There are few proposals for improvement of business that have so much to commend them, which serve such a large social purpose, and yet which lie within the reach of every manufacturer in the United States.

The discouraging fact brought out in the same investigation was that so far only a handful of executives had felt the urge to assume responsibility for regularity of employment in their plants. We must come to recognize that each employer of labor is under a moral obligation and under a patrotic duty to provide continuity of employment to his workers. Wages must be paid as regularly and as continuously as rent and interest. The same thought and ingenuity that are devoted to the earning of dividends must be applied to the provision of steady employment. Constancy of work should command the primary place in the attention of the management. To do less is economically unfair not only to the plant in particular but to industry in general.

Conditions are desirable when business is proceeding steadily and normally. Bursts of overactivity are regularly followed by spasms of underactivity. They serve the purpose of the speculator but they do only harm to the farmer, the manufacturer, and the wage earner. Good times or bad times are never the result of the conduct of any one individual. They are the direct consequences of the business behavior of millions of us. It follows that this problem will never be solved through any one scheme or project. It will be fully solved only when business actions of the great majority of us are coordinated so as to produce stability.

The fundamental requirement that conditions progress in that direction is precise information of production, consumption, and the movement of commodities, of employment, part-time employment and unemployment. To my mind the Government could be of the greatest service if it would help the business community study itself by providing it with more accurate information and more complete information than any we have yet made available.

In season and out of season I have been pleading for more and better economic information. Some progress has been made. The objective makes every effort worth while, for we must try to keep the ship of industry on an even keel and prevent the periodic rolling which pitches millions of workers into the angry waters of unemployment.

The brunt of the burden of stabilizing business will always have to be borne by business itself. Nevertheless, it is now quite generally recognized by those who have studied this question that the Government has a very useful and significant function to perform in the intensely humane undertaking to regularize the stream of business and employment. In the bill which I introduced in the United States Senate during the depression of the winter of 1927, I stated the details of such a program of Government action through the long-range planning of public works. The essence of the proposal was that the Government should arrange its construction of public works so as to provide employment during periods of depression. Although the public is generally familiar with the idea of utilizing Government construction as a means of mitigating serious idleness, it is not as fully acquainted with the long-range

plan which has received the universal approval of American economists and has been recommended for adoption by the Senate committee investigating unemployment.

It is estimated that the Federal Government, the States, and the municipalities together spend every year about a billion and a half dollars in the construction of roads, bridges, tunnels, schools, and other public projects. If we could budget this expenditure of $1,500,000,000 so that most of it could be used during those years or seasons when private industry was inactive we would be making a very substantial contribution to the stabilization of employment. In order to do so, we must be equipped in two essentials.

First. It is necessary that we have very precise information and statistics to enable us to make reasonable forecasts whether during an approaching season private enterprise will be active or inactive. When the factories have already shut their doors and millions of unemployed tramp the streets in search of work it is already too late to apply any but emergency measures. The most desirable time for the Government to act is before the decline has become serious, when the opportunity is still open to use preventive measures and restore public confidence. If the action of the Government is to be prompt, it must be in constant possession of current information of business and employment. That is fundamental.

Second. It is necessary that the plans of the various Government projects be drawn and approved long in advance, so that work may start at a moment's notice and without the loss of months of valuable time, during which a mild recession in employment might develop into a panic.

The question is frequently asked of me, How can the construction of public works be of use to any workers except those in the building trades? The answer is that only a small portion of the cost of a building is spent for labor at the point of construction. The large balance is expended for wood, steel, brick, cement, and other materials produced by 23 different industries. The workers in all of these receive the direct benefit of such a building program. The indirect benefits are just as real and are enjoyed on a nation-wide scale. A bricklayer in Chicago working on a Government project may use part of his pay envelope to purchase shoes for his wife and children, and thereby he puts to work a shoe operative in Boston. Similar illustrations may be multiplied a thousand times.

What must not be overlooked is the psychological value of the inauguration of a Government program when private enterprise slackens. It breeds confidence. It sets an example of activity. It acts as a guide to large private enterprises such as railroads, telephones, gas, and electric companies in likewise planning their construction programs for purpose of preventing business recession. Every such program, no matter how small, helps to stabilize business and to minimize unemployment.

One investigator who has made a thorough study of the 7-year period from 1919 to 1925 has come to the conclusion that "If all of the public construction had been perfectly allocated during these seven years the wages paid thereon would have been sufficient to compensate for the losses incurred by laborers in factory jobs."

That means that there would have been no depression in 1921, and that literally millions of wage earners would have been spared untold losses and deprivations. This would have been accomplished without the spending of a single dollar for public construction in addition to what had been expended. Long-range planning does not mean building for the sake of giving employment. It does not obligate the Government to give everyone a job. It does not involve the payment of a dole. The long-range plan is concerned primarily with the proper timing of construction so as to act as a balance wheel and stabilize the business cycle.

The limitations of the long-range plan should be understood as clearly as its advantages, otherwise there is bound to be disappointment and unjust criticism. The construction of public works can not solve every form of unemployment. A waiter at a summer resort expects his employment to terminate on Labor Day. No budgeting of a public-building program can possibly prolong the summer season. Such a problem has to be solved in other ways. One company has met it by operating both a candy factory and a summer resort. During the winter months it expands its factory operations to give employment to the hotel workers.

The point I wish to make is that public works can not do away with seasonal employment in specialized trades. Neither can it prevent the displacement of a man by a machine. A musician at a moving-picture theater who loses his employment by reason of the installation of a sound-picture device can not expect relief through the control of the program of building public works. That is a separate problem which is becoming exceedingly serious and calls for immediate consideration, but it is not a problem which can be solved through the long-range plan. The only type of unemployment that can be mitigated through the long-range planning of construction is that which arises out of the periodic ebb and flow in business and in industrial activity.

What need we do to put a long-range plan into operation?

First. It is plain that we can not do any advance planning on the basis of hindsight. We must be able to make reasonably certain business forecasts. For that purpose it is necessary to secure statitics of business, or construction, of employment and unemployment that are far more precise than those we now possess.

Second. The plans should be drawn, surveys made, engineering problems solved for every Government project long in advance, so that when the depression threatens work can begin at once.

Third. At least in the Federal Government there must be a permanent agency specially charged with the responsibility of stabilizing employment. Such an agency would in the course of time build up the information and accumulate the wisdom necessary to make a success of this undertaking.

Fourth. No one branch of our Government alone spends sufficiently to make itself felt as a stabilizer of employment. It is, therefore, essential that the Federal, State, and municipal Governments cooperate. It is reasonable to suppose that large private business enterprises will likewise take advantage of the benefits of long-range planning.

At the present time there is no room for political division on the question of making sure that we shall not have a spell of unemployment during the coming winter. The problem far transcends in importance any political consideration. The President has embarked upon a program and has called a conference of business leaders to assist him in its execution. If effectively prosecuted it will have my unconditional support. I shall at the same time do my best to keep before Congress and the country the necessity of passing the legislation which I have introduced and of creating a permanent agency organized and equipped to bring about a continuous adjustment in industrial activity through the stabilization efforts of the Government so that we may in the future be spared the anxiety and the apprehension inevitably produced by emergency conferences.

The proposal which I advocate has been pronounced sound by the leading economists of the Nation. A Senate investigating committee has recommended it in the following language:

"The Government should adopt legislation without delay which would provide a system of planning public works so that they would form a reserve against unemployment in times of depression. States and municipalities and other public agencies should do likewise."

Had that legislation been enacted there would now be no need for presidential conferences.

The proposal has stood the test of investigation and debate. It is time to put it to the actual test. It is my sincere hope that one of the results of the President's conference will be a determination by the President to throw the force of his opinion in support of this legislation.

I thank you.

AGRICULTURAL CONDITIONS IN THE WEST

Mr. NORBECK. Mr. President, there appeared in the United States Daily for November 11 an article by the Governor of the State of Kansas, Hon. Clyde M. Reed. I ask unanimous consent that it may be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

STRUGGLE OF AMERICAN FARMER FOR SELF-PRESERVATION—STATES OF MIDDLE WEST UNITED TO STAY MARCH OF INDUSTRIALISM, WHICH MENACES EXISTENCE OF AGRICULTURE, SAYS GOVERNOR OF KANSAS

By Clyde M. Reed, Governor State of Kansas

The unity of the Middle West in its political expression is the outstanding circumstance of current politics. It is not a partisan expression at all.

The great agricultural States are fighting with their backs to the wall for the very existence of their great industry—agriculture—whose life blood is being drained for the benefit of the industrial sections of the country.

It is no fancied fear that disturbs the peace of this region which contains the most intelligent and once the most prosperous agricultural population on the globe. Cold, hard facts, unpleasant to contemplate and distasteful to talk about, portray the situation.

Inflation incident to the World War period reached its peak in 1920; deflation began in May of that year; in the 18 months following, property and commodity valuations suffered the greatest shrinkage in history. The bottom was reached about November, 1921.

From the low point of that period agriculture improved somewhat, but industry has marched forward in an almost unbroken progress to what is so frequently termed "the greatest prosperity the world has ever known." People who use that phrase and many, including some who should know better, use it recklessly as embracing the country as a whole.

Let me analyze the actual situation. A considerable portion of our wealth and practically all of our fluid capital is carried in the form of bank deposits. From 1920 to 1929, the bank deposits of the United States as a whole increased 55.5 per cent. In the same time the bank deposits of the farm States decreased as follows: Kansas, 2.3 per cent; Missouri, exclusive of St. Louis, Kansas City, and St. Joseph, 2.6 per cent; Oklahoma, 4.2 per cent; Colorado, 9.2 per cent; Nebraska, 14 per cent; Iowa, 14 per cent; South Dakota, 41.5 per cent; North Dakota, 48.4 per cent.

Taking these States as a whole, bank deposits decreased 13.6 per cent, while the bank deposits of the entire country increased more tahn one-half. In some of these States bank deposits are actually less than they were in 1921, which has generally been considered the worst year in the history of American agriculture, certainly the worst time in the present century.

It may be said with correctness that bank deposits are only one indication of business conditions. I concede that, but every other business index points in the same direction.

Last year both major political parties declared that the "farm problem" was the most serious economic condition to be met by legislation and governmental aid.

Congress made a start by passing a law creating the Farm Board, with ample financial support to encourage cooperative marketing, and, if the board has the courage to carry out the intent of the law, it will stabilize prices on farm products.

What agriculture needs is not more credit but better prices, actually and relatively, as compared to industry. When the industrialists of the sections that have shown prosperity and great increases of wealth assumed control of the special session of Congress and undertook to write a tariff bill that further increased the advantage that industry holds over agriculture it inflamed the people of the Middle West as nothing has done in many years.

I lived through the days of populism in one of the States where that party was temporarily in power. Because more information is available and because we are better able to analyze the economic situation, we do not have that same frenzied outcry against the existing order that characterized the political history of the last decade of the last century, but throughout this whole section of the agricultural States we have a deeper-rooted determination to demand justice from the Nation as a whole than has attended any political movement in this century.

The attempted hoggishness of the industrial sections has inflamed public sentiment from Chicago west to the Pacific coast. I assume that the tariff bill will be modified so as to eliminate this attempt to take a still greater and more unjustifiable toll from agriculture or there will be no tariff bill.

REVISION OF THE TARIFF

The Senate as in Committee of the Whole resumed the consideration of the bill (H. R. 2667) to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, to protect American labor, and for other purposes.

Mr. WALSH of Massachusetts. Mr. President, yesterday there was a good deal of discussion with reference to the variations in the value of wool and a good deal of discussion about the spread in the equivalent ad valorem rates, based upon the 31 cents per pound duty on wool.

I have a letter from the Carded Woolen Manufacturers Association, dated October 3, 1928, which appeared in the Boston Evening Transcript, which presents a table showing that an examination of the sales of scoured wool at London discloses a spread or variation in duty from 27 per cent to 200 per cent. I ask that this letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

[From the Boston Evening Transcript, Friday, October 5, 1928]

LETTERS TO THE EDITOR—THE TARIFF ON WOOL

To the EDITOR OF THE TRANSCRIPT:

Secretary Marshall, of the National Wool Growers' Association, Salt Lake City, in his attempt to defend the indefensible duty of 31 cents per pound on the scoured weight of clothing wool, asserts in your issue of September 26 that we made "a serious error" in stating that the United States produces little more than 35 per cent of the wool required for clothing. He then proceeds to give statistics of wool production, issued by the Department of Commerce, which show much higher percentages of home production.

The trouble with Secretary Marshall is that he is defending a specific duty based on the weight of scoured wool by means of statistics based on the weight of wool in the grease. Approximately 60 per cent of the domestic production of wool as it comes from the sheep's back consists of grease and dirt which must be removed by scouring before the residue of wool can be converted into yarn and cloth.

Mill tests of shrinkage in scouring domestic and foreign wools in the mills of our members and as reported by manufacturers to the Taft Tariff Board show that grease and dirt constituted about 60 per cent of the weight of home-grown wool and about 40 per cent of imported wool. Reducing both the home production and the imports to the clean-content weight on that basis, it is found that the American woolgrowers produce little more than 35 per cent of the wool needed to supply clothing for home requirements under normal conditions of production.

Secretary Marshall seems to want a definition of "normal conditions of production." Our definition is a production of wool and wool goods under a tariff that protects both grower and manufacturer against injurious competition from abroad, and at the same time gives the American manufacturer access to the different grades of new wool, at a uniform advance in cost due to the protective tariff, in order that he may supply the varied needs and wants of the 120,000,000 consumers of wool clothing in this country.

This normal condition of production does not exist under the present specific duty of 31 cents per pound of clean content. It did not exist under the specific duty of 11 cents per pound on the grease weight of wool from 1867 to 1913. It can not exist under any specific duty on either grease weight or scoured weight owing to the extreme variations in the values of grease and scoured wools per unit of weight. It is attainable only by making the wool duty a percentage of the value of imported wool, so that the value of all grades from the lowest to the highest will be lifted above the foreign level by the same percentage.

The Carded Woolen Manufacturers Association's position as to the height of the duty is what it has always been, namely, that any ad valorem duty that is satisfactory to the woolgrowers, Congress, and the American people will be satisfactory to us.

The effect of the present 31-cent duty is to compel the substitution of shoddy and cotton for the new wool which the American wool growers do not produce and which the specific tariff excludes from the country. The serious depression in wool manufacturing since the passage of the Fordney bill is due to this 31-cent specific duty on wool. Secretary Marshall apparently reached the climax of absurdity by including the weight of grease and dirt in his statistics of wool imports. But, not satisfied with that, he caps the climax by pointing to Department of Commerce figures, going to show that 86 per cent of the clothing wool (that is, 60 per cent grease and dirt and 40 per cent wool) used in the first seven months of this year was home grown. The spindles and looms of the country were running at little more than half of their capacity during that period. This low production and the 31-cent duty operating as an embargo on many grades of wool explain why the proportion of domestic grease wool and dirt rose to the 86 per cent he quotes.

Some of Secretary Marshall's remaining mistakes might as well be corrected. He says no foreign wools for clothing are obtainable at anywhere near the 30-cent figure, subject to a duty of 103 per cent. Our latest analysis of the sales of wool at London under the Fordney tariff show the following results which will serve as an answer to that assertion:

Fordney ad valorem:	Bales
Above 150 per cent	303
100 per cent to 150 per cent	5,007
75 per cent to 100 per cent	8,438
60 per cent to 75 per cent	8,361
50 per cent to 60 per cent	6,606
40 per cent to 50 per cent	8,183
35 per cent to 40 per cent	3,534
27 per cent to 35 per cent	1,459
Total	41,891
Total value	$5,619,674
Fordney duty	$3,051,759
Variation of duty—per cent	27 to 200

Secretary Marshall next complains that under an ad valorem duty on wool, the grower has the least protection when values are low, while the consumer suffers from an increase of the duty when values are high. He fails, however, to state the corresponding effects of a specific duty, which gives the grower unnecessary protection not only when prices decline, but at all times on the coarser grades of wool which the American grower does not produce, driving the manufacturer and consumer to the use of cotton shoddy.

As a matter of fact, however, this fear of a decrease of protection when prices decline is a delusion instilled into the minds of the woolgrowers from 1867 to 1913 by worsted manufacturers who wanted the special privilege under a specific duty on the grease weight of wool, which the growers were led to believe gave them a protection of 33 cents per scoured pound, but which has been anathema to the growers ever since our association made the truth plain to them in 1909–1912. Their fear of an ad valorem tariff is a delusion because prices of wool are not likely to fall. The spread of population is steadily decreasing the area available for woolgrowing, and increasing the disparity between the production and consumption of wool.

Secretary Marshall closes with a claim that "extreme confusion and difficulty would result from attempts to determine the original value of the wool content of imported fabrics under an ad valorem duty."

In the first place, there would be no need of determining what Secretary Marshall calls "the original value of the wool content." Only the value of the yarns and fabrics would be required and that has been done under every wool tariff from long before 1867 to the present moment, for every protective duty on wool goods during all of that time has been ad valorem.

As for determining the "wool content of imported fabrics," that is being done now under the Fordney tariff. And if Secretary Marshall will refer to the CONGRESSIONAL RECORD of 1922 he will discover that the requirement to base the Fordney specific compensatory duty on the

"wool content of imported fabrics" was inserted in the law as a result of the recommendation of our association and for the purpose of reducing to some extent at least the concealed protection which is unavoidable under any system of specific duties.

CARDED WOOLEN MANUFACTURERS ASSOCIATION,
JOSEPH W. RANDALL, *Secretary.*

BOSTON, *October 8.*

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the committee on page 171, line 22.

Mr. LA FOLLETTE. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Allen	George	Keyes	Simmons
Ashurst	Gillett	La Follette	Smoot
Barkley	Glenn	McCulloch	Steiwer
Bingham	Goff	McMaster	Stephens
Blease	Hale	McNary	Swanson
Borah	Harris	Metcalf	Thomas, Idaho
Bratton	Harrison	Moses	Thomas, Okla.
Brock	Hastings	Norbeck	Townsend
Capper	Hatfield	Norris	Trammell
Connally	Hawes	Nye	Tydings
Copeland	Hayden	Oddie	Vandenberg
Couzens	Hebert	Overman	Wagner
Cutting	Heflin	Patterson	Walcott
Dale	Howell	Pittman	Walsh, Mass.
Dill	Johnson	Reed	Walsh, Mont.
Fess	Jones	Sackett	Waterman
Fletcher	Kean	Sheppard	Wheeler
Frazier	Kendrick	Shortridge	

The PRESIDING OFFICER (Mr. FESS in the chair). Seventy-one Senators have answered to their names. There is a quorum present.

Mr. GEORGE. Let the pending amendment be stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 171, line 22, after the word "pound," insert the words "of clean content."

Mr. SMOOT. Mr. President, the Senate, by rejecting on yesterday the Senate committee amendment on page 171, line 21, restored the rate on scoured wool to 34 cents per pound, as fixed by the House, instead of making it 31 cents, as proposed by the Senate Finance Committee. In view of that fact, I ask that I may be allowed to go through the bill and suggest changes in the various rates in conformity with that action of the Senate.

Mr. GEORGE. Mr. President, the Senator means that he wishes to make those changes and then offer them as amendments?

Mr. SMOOT. Just as we go along. I shall call attention to them as we come to each paragraph.

Mr. GEORGE. If the Senator will permit me, I understand that paragraph 1105 is to go over.

Mr. SMOOT. Yes; the paragraph covering rags is to go over.

Mr. GEORGE. That, of course, is a controversial paragraph. There are other material amendments in this schedule, most material amendments, most important amendments, and I believe that after we reach paragraph 1105 the Senator in charge of the bill ought to allow the schedule to go over until we return for the regular session. I think there is no important amendment before we get to that paragraph, but inasmuch as that paragraph is to go over, it seems to me the Senator ought to allow the remaining paragraphs of the schedule to go over, so that the rates may be worked out and presented to the Senate in the regular session.

Mr. LA FOLLETTE. Mr. President, I want to second the request made by the Senator from Georgia that the rest of this schedule may go over. My colleague [Mr. BLAINE] is very much interested in the schedule and has made some study of it. He is engaged this morning in the work of the committee investigating lobbying activities. I hesitate to ask any special consideration on his account, but in view of the fact that we barely have a quorum and some of these paragraphs are exceedingly important, I would suggest to the Senator from Utah that we take up some schedule which is not controverted and dispose of it, and then when we return in the regular session we shall have a full attendance and can dispose of these more controverted questions.

Mr. GEORGE. I will say to the Senator that we should be able to dispose of the silk schedule in a very short time. It is not very long.

Mr. WALSH of Massachusetts. Mr. President, may I ask the Senator from Utah a question?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Massachusetts?

Mr. SMOOT. I yield.

Mr. WALSH of Massachusetts. Is it a fact that all of the protective duties in this schedule are dependent somewhat upon the action of the Senate upon the duty on wool rags?

Mr. SMOOT. No; they are dependent upon the duty on scoured wool. The action of the Senate in increasing the duty upon scoured wool from 31 to 34 cents per pound affects the compensatory duties, and those are the only ones I want to have acted on at this time.

Mr. WALSH of Massachusetts. I do not think the Senator understood my question. Is it a fact that all of the protective duties levied in this schedule are dependent somewhat upon our future action regarding the duty on wool rags?

Mr. SMOOT. They would not be dependent.

Mr. WALSH of Massachusetts. Correlated?

Mr. SMOOT. Yes; they are correlated.

Mr. WALSH of Massachusetts. So it would be better to act upon the rate on wool rags before we act upon the protective duties?

Mr. SMOOT. What I want to do is this——

Mr. WALSH of Massachusetts. I have no objection to action on the compensatory duties. I wanted to make it clear that there is some other necessity for the protective duties to go over because of our failure yet to act upon the duty on wool rags.

Mr. SMOOT. The Senate can act upon the rates here that must conform to the rate on scoured wool.

Mr. WALSH of Massachusetts. The compensatory duties?

Mr. SMOOT. Yes.

Mr. WALSH of Massachusetts. Can we act upon the protective duties without having acted upon the duty on wool rags?

Mr. SMOOT. The Senator means the duties on cloths?

Mr. WALSH of Massachusetts. Yes. That can not be done until after we act upon the rate on wool rags.

Mr. SMOOT. My unanimous-consent request was that we be permitted now to amend the bill in conformity with the action taken yesterday in increasing the rate on scoured wool.

Mr. WALSH of Massachusetts. I have no objection to that action.

Mr. WHEELER. Mr. President, if the Senator from Utah is going to have the wool schedule go over, I also want the rayon schedule to go over because I propose to discuss it somewhat at length and I had not any idea it would be reached to-day. Neither do I want to have it taken up when there is not a full attendance of Senators. If we are going to postpone the wool schedule I would want the rayon schedule put over too.

Mr. SMOOT. I would like to proceed to fix the rates that are dependent upon the action yesterday. It will not take long.

Mr. WALSH of Massachusetts. Will the Senator stop after he does that and not ask to discuss the rate on wool rags or subsequent duties?

Mr. SMOOT. There are some provisions here which ought to be acted upon, having to do with administrative features, which will not affect the rates at all.

Mr. BARKLEY and Mr. COPELAND addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Utah yield; and if so, to whom?

Mr. SMOOT. I will yield first to the Senator from Kentucky.

Mr. BARKLEY. I have an amendment which I propose to offer affecting paragraph 1115, and it will probably involve some discussion. It is apparent that we can not finish this schedule to-day. It is difficult to determine precisely just what effect it may have on the so-called compensatory duties.

Mr. SMOOT. In paragraph 1115 the only amendment I would ask is to change the rate beginning in line 6, page 178. The Senate committee struck out 33 cents per pound and inserted 31 cents per pound. I want the Senate now to disagree to the amendment in line 6.

Mr. BARKLEY. I have contemplated an amendment there which would eliminate boys' and men's clothing from the rate which it carries in paragraph 1115, and which would carry a different rate.

Mr. SMOOT. That would have no effect on what I am going to try to do now. I would like to get this question behind us in each one of the paragraphs so as to make them conform to the action which was taken yesterday in regard to the increased rate on scoured wool.

Mr. BARKLEY. In view of the fact that it pertains to some parts of this particular section it may not be pertinent to go through the formality of increasing the rates based on yesterday's action. That would involve a considerable amount of discussion.

Mr. GEORGE. Mr. President, may I ask the Senator from Utah a question?

Mr. SMOOT. I yield.

Mr. GEORGE. Does the Senator propose merely to make the changes corresponding to the Senate action of yesterday in the specific rates?

Mr. SMOOT. Just as we did yesterday. Let us take each one of them up and if there is objection, let it go over.

Mr. GEORGE. The suggestion I made was clearly in the interest of progress, I believe. It is true that we would not accomplish much, but this is such an important schedule that I can assure the Senator that if we proceed with it to-day it will invite long discussion. We will not accomplish very much by undertaking to take it up to-day.

Mr. SMOOT. Can we not take up the amendments, and if there is any objection they can go over? I know the Senate of the United States is not going to give an increased duty upon scoured wool and then not give a corresponding increase in the paragraphs affected by that increase.

Mr. GEORGE. Of course I have no objection to taking up the amendments if the Senate will pass over any controverted feature in them.

Mr. KENDRICK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Wyoming?

Mr. SMOOT. I yield.

Mr. KENDRICK. I want to ask the chairman of the committee whether it is true that the proposed changes in the compensatory duties are only affected by the rate on raw wool such as we passed upon yesterday?

Mr. SMOOT. That is all I am going to ask the Senate to do.

Mr. KENDRICK. They do not have to do with the consumption of rags?

Mr. SMOOT. They have nothing whatever to do with the consumption of rags.

Mr. COPELAND and Mr. HAYDEN addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Utah yield; and if so, to whom?

Mr. SMOOT. I think the Senator from Arizona rose first. I will yield to him.

Mr. HAYDEN. I want to inquire of the chairman of the committee with reference to the instance which he cited in paragraph 1114, line 8, where he desires to restore the 40-cent rate in lieu of the 37-cent rate as provided in the Senate committee amendment. The Senator mentioned paragraph 1114. In line 8, the committee struck out "40 cents" and inserted "37 cents."

Mr. SMOOT. All I ask is that the Senate disagree to the amendment of the committee as they did to the other.

Mr. HAYDEN. It would be entirely proper to do that provided no wool derived from rags is used to make hose, half hose, gloves, mittens, and so forth. Can the chairman of the committee state that nothing but raw wool is used and that no shoddy and no reused rags go into the manufacture of any of the articles named in that paragraph?

Mr. GEORGE. Mr. President, the Senator from Arizona has made a very pertinent observation. When the Senate committee decreased the duty from 34 cents to 31 cents a pound on wool, it also greatly increased the duty on rags, and so forth, and therefore the proper specific compensatory duty is a matter of real serious consideration. It can not follow just as a mere matter of course that the other rates should be raised. They should not be raised in every instance at least.

Mr. SMOOT. In the instance the Senator cited I doubt whether there are any wool rags used in the yarns in the manufacture of the items named therein.

Mr. HAYDEN. Is the Senator sure about it?

Mr. SMOOT. In the coarser yarns that may happen.

Mr. HAYDEN. We are told, Mr. President, that 39,000,000 pounds of rags were imported into the United States last year and that that 39,000,000 pounds of rags displaced 100,000,000 pounds of American raw wool. The displacement must take place somewhere, and wherever it does take place the rate upon rags should affect the compensatory duty.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from New York?

Mr. SMOOT. I yield.

Mr. COPELAND. I beg the Senator to let the schedule go over. We can pass the silk schedule and get rid of it, but these matters in the wool schedule are controversial. Of course, as regards the rate on rags, my State is in bitter opposition, as the Senator knows, and we will have to debate that matter at length. The Senator from Arizona [Mr. HAYDEN] has already indicated that there might be an uncertainty here. Why not let the whole matter go over and take up the silk schedule and dispose of it and call it a day?

Mr. DILL. Mr. President, we must be here until to-night at 10 o'clock in accordance with the concurrent resolution which we passed.

Mr. COPELAND. I suppose we could stop in the middle of the afternoon and let the Senator from Washington be here to attend to the final adjournment.

Mr. DILL. I dislike to see everything put over in this way. I would like to have something done. I want to say also that I think the Senator from Georgia [Mr. GEORGE] made a very pointed statement a moment ago when he called attention to the fact that some of the increases may be necessarily compensatory and some may not. It seems to be assumed that the present rates are all absolutely perfect. I do not agree with that. I think some of the woolen manufacturing rates are too high and that that matter ought to be taken into consideration when we come to vote.

Mr. SMOOT. Mr. President, in answer to the Senator from Arizona, I desire to call his attention to the fact that the compensatory duty is 40 cents per pound and 35 per cent ad valorem. The House rate was 37 cents a pound. It is taken into consideration there as to the number of yarns and it is not as high as if it were fine yarns. The compensatory duty would take into consideration that the rates named contemplate only the use of the best of rag yarns.

Mr. HAYDEN. The Senate Committee on Finance reduced the rate on raw wool from 34 cents to 31 cents, and at the same time increased the rate on rags from 8 cents to 24 cents, and then in figuring out the compensatory duty reduced the rate on this particular article of manufacture 3 cents. They had in mind when they did that that it was a reduction on raw wool and an increase on rags. They must have had those two things in mind, for both wool and rags are being used in this manufacture.

Mr. SMOOT. This is not so high a rate as cloth carries, and that was taken into consideration owing to the very fact that the coarser yarns in these particular items may involve a certain part of rags such as we use in the United States. All I care about is to get along with the bill in some way.

Mr. THOMAS of Idaho. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Idaho?

Mr. SMOOT. I yield.

Mr. THOMAS of Idaho. In the matter of compensatory rates it is my understanding that they have all been worked out by the Tariff Commission. There is not very much controversy over them, but there is more or less confusion as between compensatory rates and protective rates. Inasmuch as so many Senators are absent at this time it seems to me it would only be wise to let the schedule go over and go forward with something on which we can get together and perhaps dispose of at this time.

Mr. SMOOT. Very well, we will let the schedule go over.

The PRESIDENT pro tempore. By unanimous consent, the balance of the schedule——

Mr. SMOOT. No, Mr. President; I will withdraw my request. Evidently we can not take it up in the way I had in mind, and there is no need trying to take up wool rags anyway, because the Senator from Virginia [Mr. GLASS] asked that that be not taken up in his absence, and he was compelled to go home last night.

Mr. WHEELER and Mr. NORRIS addressed the Chair.

The PRESIDENT pro tempore. The Senator from Utah has the floor. To whom does he yield?

Mr. SMOOT. I yield to the Senator from Montana.

Mr. WHEELER. Mr. President, I am going to ask that if we take up the silk schedule next—and I am advised that it will take only a few minutes to dispose of it—that the schedule following it, having to do with rayon, shall go over until the next session, because there is going to be considerable controversy over that schedule, and it will not be disposed of. I will say to the Senator from Utah, to-day, in any event. I am going to ask unanimous consent, therefore, that that schedule go over until the next session.

The PRESIDENT pro tempore. Unanimous consent has not as yet been granted for the disposition of Schedule 11 by having it go over. The Senator from Utah withdrew his request. The question before the Senate, therefore, is on agreeing to the amendment proposed by the committee.

Mr. GEORGE. Mr. President, that amendment, as I understand, is in paragraph 1102.

The PRESIDENT pro tempore. The pending amendment is on page 171, paragraph 1102, line 22.

Mr. SMOOT. Mr. President, evidently we can not at this time take action in regard to the compensatory rates. There is no earthly use of going through a part of them and leaving the others unacted upon. They have been figured out mathematically by the experts of the Tariff Commission, and I think when we begin the consideration of the compensatory duties we ought to follow them right through the schedule. Evidently,

however, there is objection to that, and so, Mr. President, I shall consent that the wool schedule go over and that we take up the silk schedule and see how far we can get with that.

Mr. WALSH of Massachusetts. Mr. President, before that shall be done, I ask to have inserted in the RECORD, for the information of the Senate, a table prepared by the United States Tariff Commission which sets forth the compensatory rates of wool duties of tops, yarns, and woven fabrics in paragraphs 1106, 1107, 1108, and 1109, based upon the specific duties upon wool. This table shows what would be the compensatory duties on tops, yarns, and woven fabrics in case the specific duty is as low as 30 cents and as high as 40 cents. I think it will be helpful to have it in the RECORD, and I ask that it be printed at this point.

The PRESIDENT pro tempore. Without objection, the table will be printed in the RECORD.

The table is as follows:

COMPENSATORY RATES OF WOOL DUTIES OF TOPS, YARNS, AND WOVEN FABRICS

(Pars. 1106, 1107, 1108, and 1109)

Tabulated from findings of the United States Tariff Board. See page 625, et seq., "Wool and manufactures of wool." Message of the President of the United States transmitting a "Report of the Tariff Board on Schedule K of the Tariff Law," December 21, 1911, House of Representatives, Sixty-second Congress, second session, Document No. 342.

Wool duty, in cents	30	31	32	33	34	35	36	37	38	39	40
Compensatory rates, in cents:											
For tops (1.1 x W)	33	34	35	36	37	39	40	41	42	43	44
For yarns (1.2 x W)	36	37	38	40	41	42	43	44	46	47	48
For woven fabrics (1.5 x W)	45	47	48	50	51	53	54	56	57	59	60
For cotton warp [1] (1⅛ x W)	35	36	37	39	40	41	42	43	44	46	47

[1] On the assumption of no duty upon cotton.

W means duty upon clean content of wool in cents per pound.

NOTE.—The compensatory rates in paragraphs 1107, 1108, and 1109 in the report of the Senate Finance Committee on H. R. 2667 are uniform in each paragraph because the rates upon wastes, noils, and rags in paragraph 1105 are at least the equivalent to the rate upon raw wool. In tariff acts where the rates of paragraphs equivalent to 1105 have been lower, the compensatory rates in paragraphs corresponding to 1107, 1108, and 1109 have been graded, being lower for the items of relatively lower cost.

Mr. NORRIS. Mr. President, I should like to ask the Senator from Massachusetts a question.

Mr. WALSH of Massachusetts. I yield.

Mr. NORRIS. Assuming, now, that the duty on raw wool is to be 34 cents, I should like to ask him whether the rates in the table the Senator has presented, as compared with the rates in the bill, are the same as the rates carried in the House bill?

Mr. WALSH of Massachusetts. I have not done that. I assume that they are the same as the rates fixed by the House. I understand what the Senator from Utah is trying to do is this: The Senate having voted for the House rate of 34 cents upon wool is seeking to have the House compensatory rates based on that duty applied to the other paragraphs in the schedule.

Mr. SMOOT. That is correct.

Mr. WALSH of Massachusetts. The Senate committee propose to reduce the duty upon wool from 34 to 31 cents and to allow compensatory duties to accord protection based on that rate.

Mr. NORRIS. Mr. President, I understand, I think, what is about to be done, but the question in my mind arose whether there was any controversy now as to what the compensatory duties should be on the various items which are produced from the raw wool into the finished product. Yesterday the Senate acceded to the House rate on wool, which was an increase of 3 cents a pound over the rate provided by the present law. It was done after very full debate, and after very full consideration of the question, and to quite an extent it was done in the name of the American farmer. To my mind, the Senate, especially those who are thinking particularly of the welfare of the American farmer, made a great mistake in voting for that amendment, for it results in this situation: It can now be said, "You have increased the rate on wool, and it is therefore necessary to increase the rate all the way through clear to the top on the finished products." Now, we begin to see where the Grundys get in their work. They helped yesterday to get the poor farmer a little more of a tariff on raw wool, but now the farmer is going to pay a little more for everything else that he buys clear up to the top, and so is everybody else in this country. That is where those at the other end of the equation get in their work. We have increased the tariff just a little on an item, but it seems to me we were not justified in asking that practically all the consumers of the United States should be burdened all the way up the line for the sake of an increased tariff on raw wool to the wool producer, when there is very serious doubt as to whether, in the end, considering all the compensatory duties, even the woolgrower will get any benefit out of it. It will increase the price all the way up, and the consumers of America are going to be burdened.

Mr. SMOOT. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Utah?

Mr. NORRIS. I yield.

Mr. SMOOT. I should like to call the Senator's attention to the fact that the manufacturers of woolen goods in the United States wanted the 31-cent-a-pound rate. Although they asked for larger compensatory duties they did not object strenuously; they very much preferred to have the lower compensatory duties as recommended by the committee if the duty on wool could be retained as in the present law at 31 cents.

Mr. NORRIS. There was no very active support of the committee amendment, even from the chairman of the committee himself.

Mr. SMOOT. What I am saying, so that there may be no misunderstanding—and I know the Senator from Nebraska does not want any misunderstanding—is that the protest from the manufacturers was against the increased duty on wool; they did not want that increase, but they were perfectly satisfied when the committee reduced the compensatory duties in conformity with the reduction of the duty on raw wool. It seems to me it is, of course, nothing more than right, having increased the duty on raw wool to 34 cents, that the compensatory duties which were based upon a rate of 31 cents per pound on the clean content of wool should now be based on a rate of 34 cents. That is the situation as it exists.

Mr. NORRIS. The reason I asked the question of the Senator from Massachusetts was to ascertain whether there was any dispute about what the compensatory duties ought to be. I realize that in just such instances as this in the consideration of the tariff jokers creep in. When we tumble over each other in the effort to help the man who has the sheep to get a little more for his wool, and the duty on wool is increased, that is used as a basis for increasing the tariff on all the manufactured products in the schedule, and in figuring out how much that increase ought to be it often occurs that the increases go up in a different ratio and are pyramided in such a way that the ultimate consumer, who has to buy his clothes and pay for them, pays the tariff duties five or six times over.

Mr. BARKLEY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Kentucky?

Mr. NORRIS. I yield.

Mr. BARKLEY. It is roughly estimated that there are about 6,000,000 farmers in the United States, all of whom at some season of the year and under some circumstances consume wool in the shape of clothing or blankets or other finished products of wool. What proportion of the 6,000,000, all of whom have to buy woolen products, are represented by those who produce wool?

Mr. NORRIS. I can not give the answer. In a general way the man who produces wool, the woolgrower, has not been suffering, in my judgment, as has the man who produces wheat, corn, and cattle and hogs. The wool producer has not been getting rich; he has not been getting anything big; but since the tariff was placed at 31 cents on raw wool his condition has been getting better all the time; the population of sheep has been increasing and the importations have been decreasing. With the wool producer doing fairly well at a time when all other farmers are in terrible financial distress, and when we are demanding that the duty upon manufactured products be reduced, as I think we have a right to demand, it seems to me, Mr. President, that we ought to be extremely careful; that we should always practice what we preach, and not lay ourselves liable to the charge of selfishness that we are making against many manufacturers because of the high tariff rates which they have.

I am not going to discuss the question of the duty on raw wool; that has passed; I find no fault with anybody's motives; it is settled so far as that is concerned; but the thought occurs to me now that in fixing the compensatory duties, based on the action we took yesterday, we ought to be careful to see that they are not pyramided or increased beyond the point that is absolutely necessary.

Mr. HARRISON. Mr. President, apropos of what the Senator from Nebraska has said with reference to the compensatory rates, as I understand, the compensatory rates are supposed to be 100 per cent protective; and so it will be as to the rates that are provided here. No one need fool himself into believing that the manufacturers of finished products of the wool will not get 100 per cent protection; and that 100 per cent protection is going to be saddled upon the American consumers of woolen clothes and blankets and woolen hats and everything of which wool is a part.

There has been doubt expressed here as to the 34-cent duty on raw wool being wholly effective. That is due to the fact that there is a large supply of wool in the world, and the price of raw wool outside of the United States is less than the price of raw wool in the United States at this particular time. Since the act of 1922, for the most part, the tariff rate on raw wool has been almost 100 per cent effective. So, while I have no fault to find with Senators who voted for a 34-cent rate yesterday, I myself voted for the 31-cent rate because I believe that the woolgrowers of this country have been very well treated by the Federal Government, and that there was no great distress in that particular industry, or, if there was, it was purely temporary, and that there was not as much distress as there was in other agricultural industries.

Mr. President, I have heard the Senator from Utah in speech after speech upon this floor since the passage of the Fordney-McCumber Act of 1922 cite to the Senate and the country the fact that the rates carried in that law saved the woolgrowers of America, and that, if it had not been for those rates, the price of wool would be away down, but that now they are getting along fairly well.

The House was a pretty good friend to the woolgrower. It increased the rate on wool. The Senator from Oregon on yesterday stated that a tariff duty of 11 cents on wool in the grease corresponded to about 33 cents on clean or scoured wool.

The information which I get, and which is borne out by the facts revealed in these prior tariff bills, is not to that effect. For instance, in 1909, when the Payne-Aldrich law was written, and the duty was placed at 11 cents a pound on wool in the grease, they put the corresponding duty on clean wool or scoured wool at 18 cents a pound—not 33 cents a pound, but 18 cents a pound, as I recall; not over 19, anyhow. When the act of 1922 passed, I think it carried through the same idea; and when this bill came from the House with a duty of 34 cents a pound placed on wool in the grease, what did the Senate committee do? They did not recommend 34 cents. Here is the bill as it came from the House, so the record may speak for itself.

In the bill as it came from the House in 1922, wool in the grease was put at 25 cents a pound; in the scoured state, 26 cents a pound. What do we have here? We put it at 31 cents in this particular bill when it was reported out of the Senate committee. The committee put in 31 cents instead of 25 cents, and put in 34 cents instead of 26. So I submit that there has been a great difference of opinion as to the corresponding rates on wool, clean or scoured, when compared to 11 cents duty on wool in the grease.

Another peculiar thing about this, Mr. President, is that on yesterday, when this matter was being discussed in the Senate, although a majority of the Committee on Finance reported to the Senate a 31-cent duty, fighting the 34 cents that the House had put on, not a single member of the majority of the Finance Committee rose to defend the action of the committee. On the other hand, the Senator from Utah [Mr. SMOOT], who in the past has been designated and who following yesterday ought to be designated with more eloquence and more assurance "the little shepherd of the West," turned turtle on the recommendation of the Finance Committee to reduce this rate from 34 to 31 cents, and was the strongest advocate yesterday of resurrecting the 34 cents a pound. It was under his leadership as chairman of the Finance Committee that this decrease was recommended, and then he turned around and fought this decrease from 34 to 31 cents a pound.

Mr. WALSH of Massachusetts and Mr. THOMAS of Idaho addressed the Chair.

The VICE PRESIDENT. Does the Senator from Mississippi yield; and to whom?

Mr. HARRISON. I yield to the Senator from Massachusetts.

Mr. WALSH of Massachusetts. I remind the Senator that the RECORD shows that of the 11 Republican members of the Finance Committee only 3 went on record yesterday as favoring the action of the committee.

Mr. HARRISON. Yes. So there are peculiar things happening here; and, for my part, I want to see some roll calls on these increased compensatory rates on woolen goods made necessary by the increased rates on the raw material, because we are certainly increasing the cost of woolen blankets and woolen clothes to people who need them.

Mr. THOMAS of Idaho. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Idaho?

Mr. HARRISON. I yield to the Senator.

Mr. THOMAS of Idaho. I just wanted to correct the Senator's statement on the rates in the Payne-Aldrich bill. I think, if he will check it up, he will find that the scoured wool was based at 33 cents. Even wastes were 30 cents under that bill.

Mr. HARRISON. What was that? I did not catch it.

Mr. THOMAS of Idaho. The rate under the Payne-Aldrich bill on cleaned wool was 33 cents, and even wastes were 30 cents.

Mr. HARRISON. The information I get is that it was 18 or 19 cents on the clean wool.

Mr. THOMAS of Idaho. I may say, for the Senator's information, that that in effect was what it amounted to, because the wool was shipped in in the grease, and the shrinkage content was so reduced that it amounted only to 18 or 19 cents; but the woolgrowers thought they were given the 33 cents, and they were given 30 cents on wastes.

Mr. HARRISON. Oh, yes. Well, the compensatory duty was placed at 18 cents in the Payne-Aldrich law.

Mr. THOMAS of Idaho. No; I think it was 33 cents.

Mr. HARRISON. No; the facts do not show that.

Mr. SMOOT. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Utah?

Mr. HARRISON. I yield to the Senator.

Mr. SMOOT. The Senator from Mississippi is talking about one thing and the Senator from Idaho another. The duty was 11 cents a pound, based upon the assumption that there was 66⅔ per cent loss in the wool. That would be 33 cents a pound. The figures that the Senator is speaking of were the average not only for the carpet wools, which shrink very little, but for the higher-grade wools that shrink even more than 66⅔ per cent.

Mr. HARRISON. And it amounted to 18 cents.

Mr. SMOOT. The Senator from Idaho is correct; and upon the basis that the Senator is speaking, he is virtually correct.

Mr. BINGHAM. Mr. President, will the Senator yield to me?

Mr. HARRISON. I yield to the Senator.

Mr. BINGHAM. I thank the Senator.

In order that there may not be any misunderstanding in the RECORD from what the Senator from Massachusetts just said about the vote yesterday, in which he said that of the 11 Members of the majority party of the Finance Committee only 3 voted for the action of the committee, I should like to add to that statement the fact that only 2 voted against it and 6 were absent.

Mr. HARRISON. The Senator from Connecticut voted for the 31 cents duty. That is quite true.

Mr. BINGHAM. I did.

Mr. HARRISON. And the Senator from Maine [Mr. HALE] voted for it.

Mr. BINGHAM. The Senator from Maine is not a member of the committee.

Mr. HARRISON. He is not a member of the committee; but, so far as I have been able to look down the roll call, they were the only two Members of the Senate from the East who voted for the 31 cents duty.

Mr. WALSH of Massachusetts. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Massachusetts?

Mr. HARRISON. I do.

Mr. WALSH of Massachusetts. At least two of the absentees left word—and it is in the RECORD—that if they were present they would vote against the committee. I refer to the Senator from Vermont [Mr. GREENE] and the Senator from Pennsylvania [Mr. REED]. So the RECORD shows that at least five—I think perhaps four, but my impression is five—declared themselves against the report of the committee, while the Senator from Indiana [Mr. WATSON], of course, was absent, and the Senator from Utah [Mr. SMOOT] was present but did not vote at all.

Mr. HARRISON. So, although in 1909 the greatest attack that was made on that bill was on Schedule K, which carried a rate of duty of 11 cents on wool in the grease, and took wools as a whole, as the Senator from Utah has said, and placed a compensatory duty on wool clean or scoured of 18 cents a pound, and although in 1922 the House of Representatives only recommended a duty on clean wool of 25 cents a pound, and they thought that had reached the very apex of protection, the present bill comes to us and we vote now not for 31 cents, which we on this side were willing to do and did do, and which the committee asked for, but 34 cents. It seems to me

it is going pretty far, and it is pretty unreasonable, and certainly it is placing great burdens upon the consumers of this country who need woolen blankets and woolen clothes and woolen hats, and boots which in some cases contain wool.

Mr. SACKETT. Mr. President, will the Senator yield?

Mr. HARRISON. I yield to the Senator.

Mr. SACKETT. The Senator has referred to the rates in Schedule K in 1909 as being 11 cents and 18 cents on the scoured wool, as I read it.

Mr. HARRISON. No; I did not say the rate on scoured wool was 11 cents; I said on wool in the grease.

Mr. SACKETT. Yes; and the rate on scoured wool was 18 cents, as I understood.

Mr. HARRISON. Yes; the compensatory duty was 18 cents.

Mr. SACKETT. Class 2 covers Leicester, Cotswold, Lincolnshire, Down combing wools, and Canada long wools. They are all in class 2. The rate of duty on class 2 was 12 cents a pound; and section 366 says that "the duty on wools of the first and second classes which shall be imported scoured shall be three times the duty to which they would be subjected if imported unwashed." Three times 12 is 36.

Mr. HARRISON. Of course, the controversy of the Senator from Kentucky is with the Senator from Utah.

Mr. SACKETT. No; my controversy is with the Senator from Mississippi, to correct the RECORD in that regard, and read from the bill.

Mr. HARRISON. No; I stand upon what I stated here. My information is based upon advice from the commission. We heard what the Senator from Utah just stated with reference to the matter. I think the Senator from Kentucky had better look over his figures again.

Mr. SACKETT. I will refer the Senator to sections 364, 366, and 369 of the act of 1909, which give the facts.

Mr. SMOOT. Mr. President, I ask the Senator from Kentucky to give me his attention.

If the wool had been imported as clean wool, the Senator is perfectly correct; the law would have taken care of it at 33 cents. The trouble was, however, that then Australia began to skirt the wool. Australia began to take all possible foreign matter out of the wool, outside of scouring the wool; and where our wool was based upon 66⅔ per cent loss, the South American wools came in at a loss of about 18 per cent instead of 66 per cent. The Australian wools were skirted, and all the dust that was possible to be taken out was taken out, and all the taglocks were taken off. They came in, and the grease content only amounted to about 37 to 38 per cent instead of 66⅔ per cent, and hardly any washed wool came into the United States. Therefore, the 33 cents was never effective, because it applied on scoured wool, and it never came in.

That is the story just as it is. So I say the statement of the Senator from Mississippi as to the result is correct. As to the statement in the law, the Senator from Kentucky is correct.

Mr. WALSH of Massachusetts. Mr. President, I desire to say a word about the compensatory duties upon wool in the manufactures of wool.

I wish to call attention to the fact that one of the difficulties here is with the levying of specific duties on raw wool, and because we have raised the specific duty by the vote of yesterday, the compensatory duties will of necessity have to be increased.

These compensatory rates are imposed for the benefit of the woolgrower because if there were no duty upon the wool in imported wool manufactures, such wool would enter the country free in competition with domestic wool.

Thus it is necessary for every Senator who voted yesterday to increase this duty to 34 cents to vote for the exact compensatory duty which the Tariff Commission recommends or he will be voting to undo what he did yesterday for the woolgrowers.

These compensatory rates are likewise imposed to protect the domestic manufacturer from foreign manufactures of free wool. They are to place him upon a parity with his foreign competitor as regards raw material. Even though there were protective duties to offset the difference between the cost of foreign and domestic manufacture, there could not be successful competition with foreign wool manufacturers whose wool is free unless there were some offset to the duty on wool sufficient to overcome the difference between the cost of the raw material abroad and in the United States. The price of wool is determined in the world market, but wool manufacturers in the United States must pay, in addition to the world-market price, an amount approaching the rate of duty upon the raw material.

I spent some time yesterday in trying to convince the Senate that these duties, compensatory and protective, work out, because of the levying of a specific duty, tremendously to the disadvantage of the wearers and purchasers of cheap clothing. I have before me several tables illustrative of the manner in which these duties operate in that direction upon yarns, woven wool fabrics, and other wool products, and I am going to ask that the one on blankets be inserted in the RECORD; but I am going first to give an illustration, and I desire particularly the attention of the Senator from Nebraska [Mr. NORRIS], who has manifested very much interest in this aspect of the wool duties.

A study of this table leads to the following conclusions:

First. A blanket valued at $2 per pound has a protective ad valorem rate of 40 per cent, which, of course, is for the benefit of the manufacturers. It has also a compensatory rate of 38 cents per pound to offset the specific duty of 31 cents per pound, which for this blanket is an equivalent ad valorem rate of about 12 per cent. This makes a total equivalent ad valorem rate of 52 per cent for this blanket valued at $2 per pound.

Second. A blanket valued at 50 cents per pound has a manufacturers' protective duty of 36 per cent. To this is applied the compensatory rate, which for the blankets of less value—in which the 50 cents per pound blanket is included—is 28 cents. This compensatory rate changed into ad valorem rate amounts in this case to about 54 per cent, which with the manufacturers' protective duty of 36 per cent gives a total equivalent ad valorem rate of 90 per cent for blankets valued at 50 cents per pound.

Third. For blankets of lesser value this equivalent ad valorem rate increases rapidly.

In other words, the 50 cents per pound wool blanket used by the poor bears a total ad valorem duty of 90 per cent, while the $2 per pound blanket has levied upon it an equivalent ad valorem duty of only 54 per cent.

As we go below the 50 cents a pound blanket, the rate continues to increase, reaching an ad valorem rate on the very cheap blanket of 129 per cent.

I call attention to the manner in which this specific duty operates, and particularly to again protest against the increase of the specific duty to 34 cents per pound upon raw wool. I am not now talking about wool rags. Yesterday I pointed out what a special burden the increase of that duty would mean in the cost of the clothing of the poorer classes. This inequality relates to the specific duty upon virgin wool, and these duties work out in the case of a blanket valued at 50 cents a pound to be double those levied upon a blanket valued at $2 per pound. The same ratio exists in all woven-wool fabrics from which clothes are made and also as to yarns from which sweaters are made.

Mr. NORRIS. Mr. President, can the Senator demonstrate, by reference to some of the samples on the table in the corner of the Senate, just what these rates would mean?

Mr. WALSH of Massachusetts. I could not do that, but when we reconvene in the regular session, I expect to have exhibited to the Senate suits of clothing and overcoats and socks and underwear, in order to show how these rates affect different types of clothing and different kinds of overcoats. I expect also to show that if we increase the duty upon wool rags to 24 cents a pound, and if the manufacturer of that suit must substitute virgin wool, the price of the suit of clothes will almost double.

Mr. NORRIS. I wonder if the exhibits now here will be here when we reconvene; does the Senator know?

Mr. WALSH of Massachusetts. I notice that there are police officers present to protect the exhibits when we leave the Chamber, and I suppose they will be here until we return in December.

Mr. NORRIS. I do not see any use of having police officers present to protect the exhibits after Senators leave the Chamber. They ought to be here when the Senators are here. I do not think there is any danger of the exhibits being interfered with after the Senators go away. [Laughter.]

Mr. SMOOT. The exhibits will be taken care of, and will be on the table when we reconvene.

The VICE PRESIDENT. Without objection, the matter submitted by the Senator from Massachusetts will be printed in the RECORD.

The matter referred to is as follows:

EQUIVALENT AD VALOREM RATES FOR PARAGRAPHS 1106, 1107, 1108, 1109, AND 1111 OF TARIFF BILL H. R. 2667

Blue-print charts of equivalent ad valorem rates for paragraphs 1106, 1107, 1108, 1109, and 1111 show for less expensive wool manufactures high equivalent ad valorem rates and for more expensive goods lesser equivalent ad valorem rates.

The total equivalent ad valorem rate is made of two parts; one due to the manufacturers' protective rates (in ad valorem form) and the other to the wool duty translated from the specific rate into an ad valorem rate. The wool rate is 31 cents per clean pound of wool. If this is applied to a costly manufacture of wool it is a relatively small part of the value. If applied to a cheaper fabric, yarn, or top, it becomes a higher and higher percentage of the value of the article.

The charts show how the compensating rates for the wool duties in each of these paragraphs for less and less expensive articles becomes a

greater part of the equivalent ad valorem rate into which the total duty is translated.

These charts show that the manufacturer should not be charged with relatively high rates of duty upon the cheaper goods needed by people of small means. They show that the high specific duty for the benefit of the woolgrowers is responsible.

On the bottom of the chart on page 5945 the value per pound in cents is noted; on the left border, the equivalent ad valorem rate is given.

The VICE PRESIDENT. The Chair is informed that the Senator from Utah has asked unanimous consent that the Senate proceed to the consideration of the silk schedule.

Mr. SMOOT. I have asked unanimous consent that the wool schedule go over, and that we proceed with the silk schedule.

The VICE PRESIDENT. Is there objection?

Mr. FLETCHER. Mr. President, before we pass from this schedule, in connection with the remarks of the Senator from Massachusetts in regard to a display of goods when we return in December, I recall that the first tariff bill with which I had any experience was the Payne-Aldrich bill, and I remember perfectly the magnificent address delivered on that bill by the then Senator from Iowa, Mr. Dolliver. He had four or five desks covered with samples and illustrations, and he made a terrific assault on Schedule K, so much so that after his speech was over one of the Senators on the Republican side said to the leader on that side, "Somebody must answer Dolliver's speech. We can not go before the country with that speech unanswered." The Senator addressed simply observed, "We will answer it when the roll is called." That was the situation at that time. I think we have a little different condition now.

The VICE PRESIDENT. Is there objection to the request of the Senator from Utah? The Chair hears none, and the Secretary will state the first amendment in the silk schedule.

The first amendment in Schedule 12, silk manufactures, was, on page 181, line 4, after the word "rayon," to insert "or other synthetic textile," so as to make the paragraph read:

PAR. 1202. Spun silk or schappe silk yarn, or yarn of silk and rayon or other synthetic textile, and roving, not bleached, dyed, colored, or plied, 40 per cent ad valorem; bleached, dyed, colored, or plied, 50 per cent ad valorem.

Mr. GEORGE. Mr. President, that is in harmony with the definition of "rayon" contained in the rayon schedule, and the same amendment has been inserted in other places.

The amendment was agreed to.

The next amendment was, on page 181, line 14, before the words "ad valorem," to strike out "55 per cent" and insert "60 per cent," so as to make the paragraph read:

PAR. 1205. Woven fabrics in the piece, wholly or in chief value of silk, not specially provided for, 60 per cent ad valorem; if Jacquard-figured, 65 per cent ad valorem.

Mr. NORRIS. This is an increase. I would like to have an explanation of the reason for it.

Mr. SMOOT. Mr. President, rayon constitutes the component element of probably the largest part of the silk mixtures imported. The rate is therefore raised to afford the domestic manufacturers a compensatory duty on the rayon yarns consumed in the weaving of silk and rayon mixtures. European producers have a competitive raw-material advantage over American broad-silk weavers on rayon and other synthetic textiles, which are higher in price in the United States by the amount of the present rayon duty. The change is to meet that situation.

Mr. GEORGE. Mr. President, the rates in paragraph 1205 have been increased as follows:

If Jacquard-figured, 65 per cent ad valorem.

That provision was inserted in the House and the Senate committee did not change the provision, and therefore no question can be raised concerning it at this time.

The committee did, however, increase the duty on broad silks from 55 per cent ad valorem to 60 per cent ad valorem.

It does not seem to me that this increase in rate is justified. I think the amendment ought to be rejected. I know—and there will be no dispute about the fact—that there has been an increase in the importations of silk-mixed goods, silk and rayon particularly.

I remember also that there was a complaint that umbrella goods—gloria cloth, I believe it is called—was being imported.

Mr. SMOOT. In very large quantities.

Mr. GEORGE. Yes; in very large quantities. I recognize that. Yet about 90 per cent of the imports affected by this amendment are noncompetitive and about 10 per cent are competitive.

According to the figures which I have, in 1923 the imports under paragraph 1205 constituted only 3.37 per cent of the total consumption. In 1925 they constituted 2.67 per cent. In 1927 they constituted 3.52 per cent, while the production in the United States was 97.02 per cent. So there are less than 4 per cent of the importations of this particular silk, broad silk, and the total poundage imported of broad silk contains only about 10 to 15 per cent of the silk mixed goods.

Mr. President, the chief reason, the real justification, for this increase, if any justification can be urged, is in the advantage the foreign manufacturer has in the lower cost of his rayon, which is mixed with the silk. That leads me to make this statement. I am sure that the Senate, when the question is fully discussed, will reduce the rayon duties, and that slight advantage which the foreign manufacturer has in the making of these silk-mixed goods which come in under this section, which is the only possible justification, in my opinion, for the increase in this duty, will be very largely removed. Of course, I can not anticipate what the Senate will do, but it does seem to me that on a presentation of the facts there will be a reduction in the rayon rate when we reach that.

The VICE PRESIDENT. The question is on agreeing to the amendment.

Mr. NORRIS. Before we vote on the amendment, Mr. President, I would like to have the attention of the few Senators now here, because I am going to make a suggestion in regard to this schedule. Some of the items in the silk schedule will logically depend upon what is done with rayon. I would like to have the attention of the Senator from Michigan [Mr. COUZENS], too.

Is it not true that the duties which logically would be put on silk depend, to some extent at least, on the duties levied on rayon?

Mr. COUZENS. I understood the Senator from Utah to say that this raise was made in part as compensation for the increase in the duty on rayon.

Mr. SMOOT. It is a very, very small part of it, not enough to interfere with the action on silk.

Mr. COUZENS. I think it ought to be disposed of.

Mr. NORRIS. When I think of what to me seem like astounding rates that we are going to pile upon the backs of the American consumers, the rates that we are putting on silk logically coming from the rates on rayon to some extent at least, however small it may be, I feel like calling a halt. Silk is something in common use now, much different from what it used to be. It is not a luxury like it used to be.

Mr. COUZENS. Does not the Senator think we are more justified in putting 60 per cent on silk than 100 per cent on wool?

Mr. NORRIS. I do. I have not approved the rate put on wool. I voted against it. I think we made a mistake and we will make many more when we do that in a compensatory way as applied to the various grades of manufactured wool. Notwithstanding that, we are starting on another article that goes into every home. All of the poor people, the laboring people, both men and women, use silk now and they are paying these rates. The committee is trying to put on a rate of 65 per cent on silk. We ought to hesitate before we burden our people with such rates as that. We have been crying out, or many of us have been at least, that these tariffs are exorbitant, that they are outrageously exorbitant, that they are unfair. I concede that we have put on some already that I think are subject to that criticism and we have not been able to keep them off. But here now is another place where something in common use is taxed clear to the sky.

I heard the junior Senator from Montana [Mr. WHEELER] say a while ago that he did not want the rayon schedule taken up because he had assumed, of course, having the wool schedule before us, that we would not reach the rayon schedule to-day. He said that he would have to have time to get his material here and therefore asked that the rayon schedule go over, which was a reasonable request, and the chairman of the committee consented to let it go over on that account. Now we have reached the silk schedule which depends somewhat on rayon, and the illogical thing to do is to take it up. If we are going to get these increases here I feel like taking advantage of the situation——

Mr. BARKLEY. Mr. President, may I interrupt the Senator there?

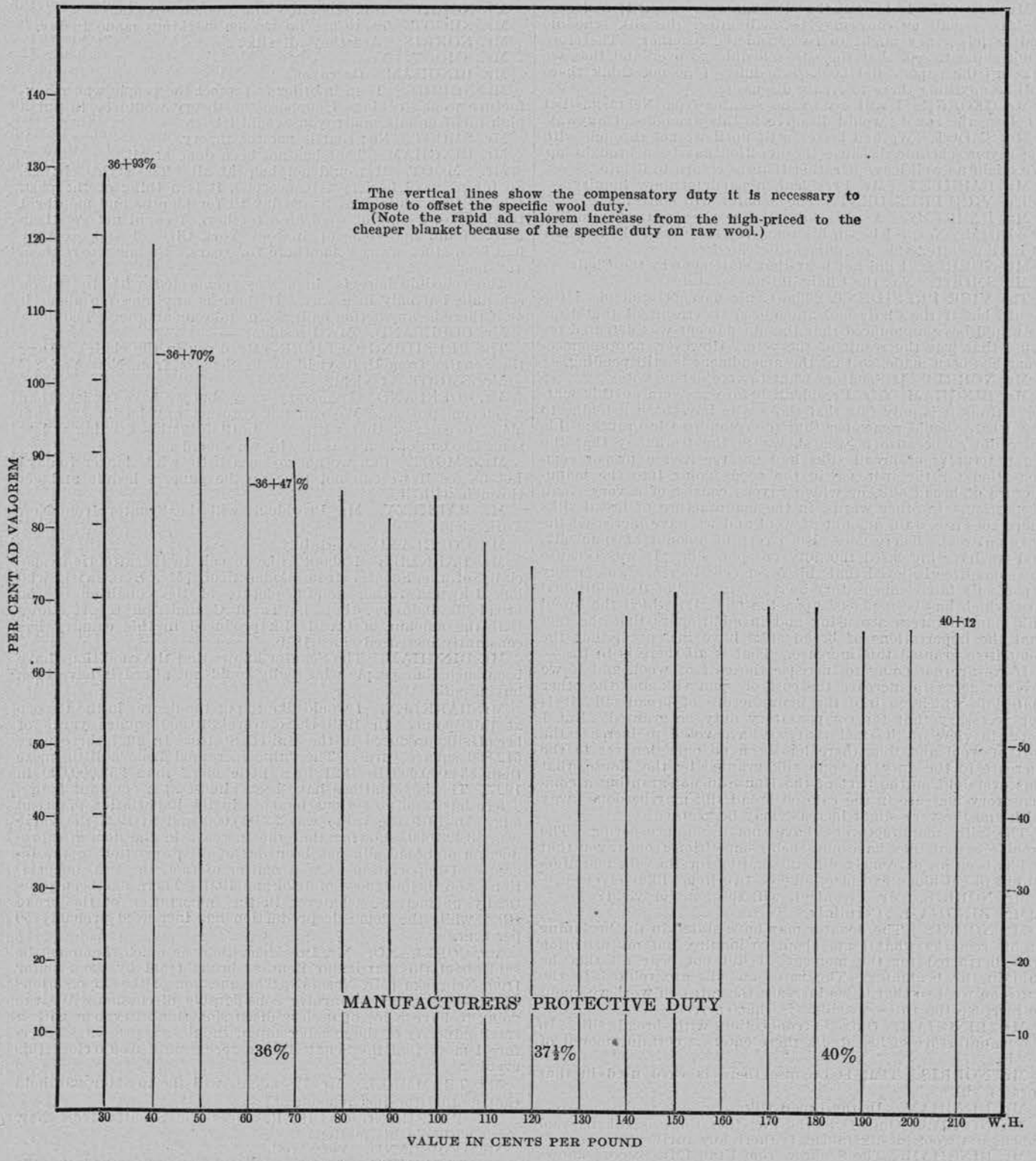
Mr. NORRIS. Very well; I yield.

Mr. BARKLEY. This amendment seems to be the only one in the silk schedule, except in paragraph 1208, where the committee reduces the House rates on hose and says they are to be taxed under paragraph 1309, which is in the rayon schedule. We have an opportunity here to defeat the increase by voting to defeat the Senate committee amendment.

TARIFF BILL OF 1929—H. R. 2667

PARAGRAPH IV: WOOL BLANKETS

Equivalent ad valorem rates as amended by Finance Committee



[Above chart furnished by Mr. WALSH of Massachusetts]

Mr. NORRIS. Exactly; but as I look around over the Senate now and see the Senators who are present, I am afraid to go to the test. There are not enough here to vote as I think the Senate ought to vote.

Mr. BARKLEY. I think we have enough under the circumstances to defeat the amendment.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. NORRIS. Certainly.

Mr. SMOOT. It is true that the rates on rayon to a degree at least, small as they may be, will affect the silk schedule and perhaps they ought to be considered together. Therefore I am going to ask that the silk schedule go over and that we take up the papers and books schedule. I do not think there will be anything there to create discussion.

Mr. GEORGE. I will say to the Senator from Nebraska that I believe the Senate would disagree to this amendment anyway.

Mr. SMOOT. We had better wait until we get through with the rayon schedule, because the question has been brought up. We might as well leave it rather than to return to it later.

Mr. BARKLEY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. BARKLEY. A while ago, before the Senator from Nebraska [Mr. NORRIS] began his remarks, I understood the Chair to have declared this amendment defeated.

Mr. NORRIS. I did not hear that statement by the Chair.

Mr. SMOOT. No; the Chair did not so state.

The VICE PRESIDENT. The Chair has not announced the result, but if the Chair had announced the result at that time he would have announced that the amendment was defeated because that was the result of the vote. However, no announcement has been made, so that the amendment is still pending.

Mr. NORRIS. If Senators want to vote, let us vote.

Mr. BINGHAM. Mr. President, before we vote on this matter I think it is only fair that those who have been listening to the debate should remember that the committee in granting this raise did so because it was shown in the testimony that the manufacturers of broad silks had not received a proper compensation for the increase in the goods going into the manufacture of broad silk, of which rayons consist of a very small proportion. In other words, in the manufacture of broad silks there goes a certain amount of wool and we have increased the duty on wool. There goes also a certain amount of spun silk, and we have increased the duty on spun silk. It was because the committee believed that this 5 per cent increase was merely a perfectly fair compensatory increase, in view of the additional cost which has been placed upon the material which the broad silk manufacturers are using and in addition to that the fact that the importations of broad silks have increased, that the committee granted this increase. That is all there is to it.

If we are not going to increase the cost of wool, and if we are not going to increase the cost of spun silk and the other materials which go into the manufacture of broad silk, it is not necessary that the compensatory duty be granted. But I hope, in view of the fact that we have voted to increase the cost of wool and that there has been no objection yet to the increase in the duty on spun silk granted by the House, that this oversight on the part of the House in not granting a compensatory increase in the rate on broad silk may be done away with and the very slight increase may be granted.

The silk manufacturers have not been prospering. The trouble is that they have met such competition from rayon that it has been an extremely difficult matter for the silk manufacturers to get along except on one or two items like velveteen.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. BINGHAM. Certainly.

Mr. NORRIS. The Senator may have stated in the beginning of his remarks what I am about to inquire, but my attention was distracted for the moment. I did not hear all that he said in the beginning. The rates on silk are related to the rates on wool so that if we increase the rates on wool we ought to increase the rates on silk. Is that correct?

Mr. BINGHAM. Only in connection with broad silk. In the manufacture of broad silk there enters a certain amount of wool.

Mr. NORRIS. That is because there is wool used in that sort of silk?

Mr. BINGHAM. In the broad silk.

Mr. NORRIS. Outside of the fact that there is silk in wool fabric and wool in silk fabric, is there any further connection?

Mr. BINGHAM. The Senator from Utah [Mr. SMOOT] knows so much more about textiles than I do that I would prefer to have him answer the question.

Mr. SMOOT. The amount of silk used in wool——

Mr. NORRIS. No, Mr. President; the Senator did not get the idea that I am trying to develop. It is not because there is some wool in the rayon or silk or some silk in the wool. Eliminate that and forget it. Do the wool schedule and the silk schedule have any relation to each other? In other words, if we put a high tariff on wool ought we to increase the tariff on silk or rayon?

Mr. SMOOT. As to the uses, they are not competitive at all unless during some style season.

Mr. NORRIS. Oh, yes; they are.

Mr. SMOOT. I say during some style season perhaps they are.

Mr. NORRIS. Silk stockings and woolen stockings?

Mr. SMOOT. There are no woolen stockings made to-day.

Mr. NORRIS. Are they all silk?

Mr. SMOOT. Yes.

Mr. BINGHAM. Or rayon.

Mr. NORRIS. Then in order to protect the people who manufacture wool stockings I suppose the theory would be to put a high tariff on silk and rayon, would it?

Mr. SMOOT. No; that is not the theory.

Mr. BINGHAM. That has not been done at all.

Mr. SMOOT. It would not help at all. The styles change. So far as wool hosiery is concerned, it is a thing of the past. I know that while Mrs. Smoot lay ill for months and months I tried to get a pair of wool hose for her. I could not get them here. I did find some up in New York City. I suppose they had been stuck away somewhere for years. No one wears them any more.

The schedule here is, in a way, connected with the rayon schedule, but only in a way. If there is any question about it or if there be any action on it, let us take up another schedule.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Utah yield to the Senator from New York?

Mr. SMOOT. I yield.

Mr. COPELAND. I am very sorry; but we have far less than a quorum present. We can not transact any business. I am about to suggest that we recess until 9.45 this evening unless some one can offer a reason why we should not.

Mr. SMOOT. Can we not go on a little while longer to-day? Let us see if we can not take up the paper schedule and get through with it.

Mr. BARKLEY. Mr. President, will the Senator from New York yield?

Mr. COPELAND. Certainly.

Mr. BARKLEY. I should like to call to the attention especially of the Senator from Connecticut [Mr. BINGHAM], who has drawn a rather doleful picture of the condition of the broad-silk industry, that the Tariff Commission report shows that the amount of broad silk produced in this country has constantly increased since 1919.

Mr. BINGHAM. The Senator knows that the conditions have been such that people who really could not afford it have been buying silk.

Mr. BARKLEY. I would like to put the figures in the RECORD at this point. In 1919 there were 310,000 square yards of broad silk produced in the United States. In 1927 there were 512,800 square yards. The value increased from a little more than $34,000,000 in 1921 to a little more than $58,000,000 in 1927. The importations have been almost at a constant figure. There has been no serious increase in the importation of broad silk. In 1919 the value was $3,000,000 and in 1928 the value was $3,423,000, showing that the increase in the domestic production of broad silk has been out of all proportion to the increase of importations. As a matter of fact, the 1920 importations were below those of 1926 and 1927. There has been practically no increase whatever in the importation of the broad silks, while the domestic production has increased probably 50 per cent.

Mr. COPELAND. Mr. President, there is much that must be said about this particular item, as brought out by the Senator from Nebraska [Mr. NORRIS]. The question of the importations of rayon is going to involve considerable discussion. We are going to have a lot of useless discussion this afternoon with a small minority of the membership of the Senate present. Therefore I move that the Senate take a recess until 9.50 o'clock this evening.

Mr. TRAMMELL. Mr. President, will the Senator withhold that motion for just a moment?

The PRESIDING OFFICER. Does the Senator from New York withhold his motion?

Mr. COPELAND. Very well.

Mr. TRAMMELL. I suggest the absence of a quorum. We will see whether there is a quorum available or not.

Mr. REED. Mr. President, will the Senator withhold that suggestion for a moment until I submit a request for unanimous consent?

Mr. TRAMMELL. Very well; I withhold the suggestion for the moment.

CIVIL-SERVICE PREFERENCE TO EX-SERVICE MEN

Mr. REED. Mr. President, there has been much doubt in the minds of Senators and of the public generally as to the extent to which veterans are entitled to preference in Federal appointments. I have, through the courtesy of Mr. Paul J. McGahan, the national executive committeeman, Department of the District of Columbia, for the American Legion, gotten together a little material on that subject, which, I think, will clear up any doubt in the minds of Senators. I believe it will be a convenience to have it in the CONGRESSIONAL RECORD, and I send it to the desk and ask unanimous consent that it may be printed in the RECORD.

Mr. SACKETT. Mr. President, I should like to ask the Senator from Pennsylvania a question.

Mr. REED. I yield.

Mr. SACKETT. Does the matter presented by the Senator from Pennsylvania include any reference to the rights of widows of service men?

Mr. REED. It covers all preferential rights in Federal employment because of service in the military forces. I think it will be convenient to have it.

Mr. NORRIS. Can the Senator tell us, in a few words, what the document discloses?

Mr. REED. It is quite extensive, and I should rather not undertake to do it at this time.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Pennsylvania? The Chair hears none, and it is so ordered.

The matter referred to is as follows:

THE AMERICAN LEGION,
DEPARTMENT HEADQUARTERS,
Washington, D. C., August 21, 1929.

Hon. DAVID A. REED,
Senate Office Building, Washington, D. C.

DEAR SENATOR: I am returning herewith the correspondence relative to proposals for the liberalization of the law dealing with the question of veterans' preference which you sent me with the request that I give you my opinion as to whether additional legislation would be helpful at this time.

My reply is being made in my capacity as chairman of the veterans' preference committee of the Department of the District of Columbia, the American Legion, which group has made a careful study of the situation and its various angles. The reply reflects the opinion expressed not by an individual or by individuals but the entire membership of the American Legion expressed by local convention action and by national convention expression.

Decidedly additional legislation at this time will be helpful.

Mr. Coolidge, on March 2, 1929, issued an Executive order—text of which is attached—which was meant to be helpful. However, it deals in the main with the problem afforded by the disabled male and female war veteran, the wives of the disabled, and the widows.

We have asked Mr. Hoover to reconstitute the so-called advisory committee appointed by Mr. Coolidge by Executive order on June 9, 1928, which furnished him with a report on November 19, 1928, which provoked his Executive order of March 2, 1929. We are asking that so that the problem of the able-bodied federally employed veteran may be given further study, with a view to making such recommendations as may be necessary for additional Executive order changes and new legislation.

The problem arising out of the effort to protect the appointment rights and the retention in the service rights of the veteran entitled to preference under the civil service laws and regulations, is bound to increase rather than decrease. There are at present many thousand war veterans federally employed, and since the enactment of the veterans' preference act of July 11, 1919, more than 132,000 persons entitled to preference have been appointed.

Your correspondent is doubtless one of these, and his difficulty appears to be under the heading of retention preference where the question of his efficiency rating comes in. His complaint is not uncommon. We are constantly endeavoring to help veterans in the same situation.

When Mr. Coolidge's advisory committee was studying the problem, our committee, which was at that time headed by Harlan Wood, Esq., who has just retired as department commander, appeared before it, the opening statement in behalf of the veterans being made by myself. At the request of Congressman HAMILTON FISH, of New York, the chairman, our committee prepared a brief on the subject of veterans' preference, and the legislation and Executive orders needed to make it a reality. I am attaching to this letter a copy of that brief. It represents the work of many minds, acquainted with the various angles of the situation, and the work of several years. It is measured, comprehensive, and, we feel, convincing.

I am attaching also a mimeographed summary of the proposals in that brief, which was submitted at a later date in the proceedings.

The advisory committee did not act on our suggestions, in so far as they related to the able-bodied, principally because its members felt they were primarily to deal with the question of the disabled.

We are advised by John Thomas Taylor, vice chairman of the national legislative committee of the American Legion, that in the approaching regular session of the Congress there will be introduced a bill which will provide for the abolition as such of the Bureau of Efficiency, the Personnel Classification Board, and the United States Employees' Compensation Commission, and the consolidation of their existing functions within the United States Civil Service Commission. This will bring all Federal personnel matters directly within the scope and operation of a single body.

The American Legion nationally in convention assembled, and the Department of the District of Columbia in its recent conventions, has gone on record as favoring this consolidation.

The existing system of efficiency ratings—which affect the retention in the service rights of veterans—is faulty as the veteran views it. It is likewise assailed by the others in the employ of the Government. Under this proposed consolidation we believe a proper efficiency system to govern the entire classified Federal personnel, not only here in Washington but throughout the country, would be set up.

Likewise the "general-average clause" in appropriation bills—as a consequence of the effect under it of juggled efficiency ratings—hits the veterans' rights to protected status. We believe it should be eliminated and some other method than the one now in vogue to govern the distribution of salaries should be set up. The late Chairman Madden, of the House Appropriations Committee, was working on that problem at one time.

The attached papers will give you in detail the precise information which you requested.

A lengthy report on this situation was presented by myself as chairman of the local committee at the department convention held here in Washington on August 14, 1929, and there was a reaffirmation of all the requests indicated in the brief submitted to the President's advisory committee. The report of the committee was given unanimous approval by the District of Columbia legionnaires, and they are hopeful that Congress will move in the matter in the approaching session.

For that reason, and in order that the remedies might be known to all members of the Congress, both in the Senate and in the House, may I not suggest to you that this letter and the accompanying papers be printed in the CONGRESSIONAL RECORD? The subject matter certainly is one of more than mere local interest, since it concerns men and women located in every State in the Union.

Please be assured of our appreciation of your interest in the situation in which so many of your comrades of the World War and other veterans are finding themselves, and also of my personal desire and that of the members of my committee to be of any further service to you.

Faithfully yours,

PAUL J. MCGAHAN,
National Executive Committeeman, Department of the District of Columbia, the American Legion.

THE AMERICAN LEGION,
DEPARTMENT OF THE DISTRICT OF COLUMBIA.

(Memorandum for President's advisory committee on veterans' preference)

Subject: Suggestions of changes in veteran-preference legislation and administrative procedure.

I am pleased to hand you herewith suggestions for changes in existing veteran-preference orders, rules, and legislation affecting the subject. The reasons for the suggestions are treated fully in the report already submitted on the questions to the President's advisory committee, hence only conclusions will support each recommended change. In order to follow the division set forth in the printed report "appointment preference" is first considered.

APPOINTMENT PREFERENCE

1. Executive Order No. 3801, issued March 3, 1923, should be vacated.

(a) Because it is in derogation of the act of July 11, 1919, as construed by the Attorney General in his opinion of April 13, 1920 (32 Op. A. G. 174).

(b) Because it establishes a practice of administration contrary to the legislative intent as pursued in carrying out prior similar but more limited preference statutes. Opinion of Attorney General, May 12, 1910 (28 Op. A. G. 298); Executive Order 3152, section 5 of civil-service Rule V and section 2 of Rule VI.

2. An Executive order similar in beneficial provisions to Executive Order 3152 should be issued.

(a) Because it would effectually carry out the legislative intent as expressed in the act of July 11, 1919.

(b) Because such an order is supported by construction of appointment preference statutes. (28 Op. A. G. 298, 31 Op. A. G. 416, 32 Op. A. G. 174.)

RETENTION PREFERENCE

1. The act of Congress approved August 23, 1912 (37 Stat. L. 413), as amended by act approved February 28, 1916 (39 Stat. 15), should be further amended to make the provisions of the statute cover independent bureaus and governmental offices in the District of Columbia and all of the classified service elsewhere.

(a) Because the language of the statute makes it applicable only to the executive departments in the District of Columbia.

2. The functions under the statute now charged to be performed by the Bureau of Efficiency should be transferred to the Civil Service Commission, whence they originated.

(a) Because a more conscientious administration of the act will result.

(b) Because of the utter failure of the Bureau of Efficiency to take the initial step to make the act of August 23, 1912, effective until after a delay of 9 years, 2 months, and 1 day.

(c) Because the Bureau of Efficiency is spending money appropriated to carry out the functions of the act in numerous investigations without authority therefor and with authority for such investigations specifically vested in the Bureau of the Budget by the act of June 10, 1921.

(d) Because the system of efficiency ratings is so palpably defective that the shield of protection attempted to be created by the statute is turned into a sword of destruction.

(e) Because the Bureau of Efficiency, by its delay, inefficiency, and demonstrated lack of sympathy, is unfitted to perform the duties required under the act of August 23, 1912, as amended, as aforesaid.

(f) Because of the great economy that will result from this consolidation of two bureaus whose legal functions are solely and strictly of a personnel character.

3. The Personnel Classification Board should be abolished and its functions transferred to the Civil Service Commission.

(a) Because all governmental bureaus whose functions are strictly personnel in character should be consolidated to promote greater efficiency and economy in administration.

(b) Because no reason justifies the separation of the Civil Service Commission, Bureau of Efficiency, and Personnel Classification Board.

(c) Because such a consolidation of these personnel bureaus would concentrate the administration of veteran preference laws in one bureau or commission so that responsibility for improper practice may with certainty be attached in case of maladministration.

4. The Employees' Compensation Commission should likewise be abolished and its functions transferred to the Civil Service Commission.

(a) Because its functions are of a personnel character and the economy which would result therefrom.

5. The policy of holding the "correlation of efficiency ratings with salary rates" as the method of working out the provisions of the "general-average clause," a feature of all appropriation acts pertaining to the payment for personal services, must be revised.

(a) Because the general-average clause in appropriation acts is merely a method of determining the distribution of a lump sum for salaries among a varied group of employees.

(b) Because as the system is applied under the Bureau of Efficiency's "correlation of efficiency ratings with salary rates" plan, the individual's true efficiency rating is revised upward or downward merely for the purpose of arranging a distribution of their pay.

(c) Because this destruction of the true efficiency rating jeopardizes the preferential rights of veterans, destroys the true efficiency rating of all employees, and militates against the individual's ability to obtain promotion, or to avoid demotion and separation from the service.

(d) Because any system of efficiency rating should be confined strictly to that field, and some other method should be used to allocate among the employees in a service the moneys for salaries appropriated by Congress in a lump sum.

(e) The general-average clause should be stricken from future appropriation acts because of the foregoing.

In support of the above contentions and recommendations no better or simplified reasons can be advanced than those found on pages 34 and 35 of the report submitted to the President's Advisory Committee, which are as follows:

"If the acts of Congress creating the four personnel bureaus of the Government are stripped of the verbiage authorizing the administrative detail, then one sees at a glance what Congress accomplished by the passage of such acts and is confronted with the simple but indisputable fact that—

"1. The real purpose of the Civil Service Commission is to examine, rate, and certify a prospective civil employee for initial appointment.

"2. The real purpose of the Bureau of Efficiency is to establish a system of relative efficiency ratings for civil employees and to investigate the administrative needs of the departments with relation to personnel.

"3. The real purpose of the Personnel Classification Board is to classify civil employees on a duty basis, and hear appeals in certain cases.

"4. The real purpose of the United States Employees' Compensation Commission is to retire a civil employee for disability incurred in line of duty.

"Nothing else except the necessary administrative routine was contemplated. What else these bureaus may be doing simply adds to the reasons for their unification. What an analogy of duties. At first glance the analysis shows four independent bureaus each performing a personnel function in one phase or another. At times in disagreement, at others in competition, and even actual opposition. What necessity requires their separation, with increased personnel, with the possibility of having four records to be kept when one should suffice? Can not one record be maintained by one set of employees more efficiently and more economically than four? There should be one complete record of each employee from the moment he enters the service until he is retired for longevity of service or disability incurred in line of duty. Hence economy in cost of maintaining only one bureau rather than four must follow."

Throughout the history of the Civil Service Commission with the exception of the matter of Executive Order No. 3801 (supra) we, as veterans, have found little cause to complain. The commissioners and the personnel of that bipartisan body have been sympathetic to the rights of veterans. The commission has demonstrated a desire to administer personnel matters in accordance with the legislative will as construed with a view to promoting the efficiency of the merit system of public service. Fairness and frankness have characterized the administration of that body. It has never so far as we are aware attempted to assume a function not specifically granted. We believe its future record will be charted by the light of its past administration. For these reasons, as well as the economy resulting therefrom, we favor the foregoing consolidation of all personnel functions with those of the Civil Service Commission.

Sincerely yours,

HARLAN WOOD, *Department Commander.*

UNITED STATES CIVIL SERVICE COMMISSION,
Washington, D. C.

EXTENSION OF VETERAN PREFERENCE—PRESIDENT COOLIDGE SIGNED ORDER LIBERALIZING PREFERENCE RULES

WASHINGTON, D. C., March —, 1929.—One of the last acts of President Coolidge before leaving the White House was the signing of an Executive order Saturday night amending the civil-service rules so as to make more liberal the preference allowed in appointments to the civil service under the law which provides for preference for veterans, their widows, and, under certain conditions, their wives.

The effects of the Executive order are as follows:

(1) The addition of 10 points to the earned rating of a disabled veteran is continued, but under the new order the names of disabled veteran eligibles are placed at the top of the list and are certified ahead of nonveterans, regardless of their rating.

(2) Widows of veterans, and wives of veterans who themselves are physically disqualified for Government employment, are allowed 10 points added to their earned ratings, instead of the 5 points formerly allowed. Wives and widows of veterans who are allowed the additional 10 points also will be certified ahead of nonveterans.

(3) A Government employee entitled to preference under the law and rules is given more liberal preference in retention in the service when reduction of force becomes necessary.

This action of President Coolidge is the result of long deliberation of an advisory committee appointed by the President on June 9, 1928, for the purpose of studying veteran preference laws and rules with a view to liberalizing the preferences allowed, the chief purpose of the study being to make more Government positions available to disabled veterans. The advisory committee consisted of Representative HAMILTON FISH, jr., chairman; Brig. Gen. Frank T. Hines, Director of the Veterans' Bureau; William C. Deming, president of the Civil Service Commission; and Col. John Thomas Taylor, representing the American Legion.

The full text of the revised civil-service rules applying to veteran preference follows:

"Examination papers shall be rated on a scale of 100, and the subjects therein shall be given such relative weights as the commission may prescribe. Honorably discharged soldiers, sailors, and marines shall have five points added to their earned ratings in examinations for entrance to the classified service. Applicants for entrance examination who, because of disability, are entitled either to a pension by authorization of the Bureau of Pensions or to compensation or training by the Veterans' Bureau, and widows of honorably discharged soldiers, sailors, and marines, and wives of injured soldiers, sailors, and marines who themselves are not qualified, but whose wives are qualified for appointment shall have 10 points added to their earned ratings. In examinations where experience is an element of qualifications, time spent in the military or naval service of the United States during the World War or the war with Spain shall be credited in an applicant's ratings where the applicant's actual employment in a similar vocation to that for which he applies was temporarily interrupted by such military or naval service but was resumed after his discharge. Competitors shall be duly notified of their ratings.

"All competitors rated at 70 or more shall be eligible for appointment, and their names shall be placed on the proper register, according to their ratings; but the names of disabled veterans, their wives, and the widows of honorably discharged soldiers, sailors, and marines shall be placed above all others.

"In harmony with statutory provisions, when reductions are being made in the force, in any part of the classified service, no employee

entitled to military preference in appointment shall be discharged or dropped or reduced in rank or salary if his record is good, or if his efficiency rating is equal to that of any employee in competition with him who is retained in the service."

REPORT OF SPECIAL COMMITTEE OF THE AMERICAN LEGION, DEPARTMENT OF DISTRICT OF COLUMBIA, ON VETERANS' PREFERENCE, SUBMITTED TO PRESIDENT'S ADVISORY COMMITTEE, CONSISTING OF HON. HAMILTON FISH, JR., CHAIRMAN; HON. WILLIAM C. DEMING, BRIG. GEN. FRANK T. HINES, COL. WILLIAM J. DONOVAN, AND LIEUT. COL. JOHN THOMAS TAYLOR

VETERANS' PREFERENCE COMMITTEE OF THE AMERICAN LEGION, DEPARTMENT OF THE DISTRICT OF COLUMBIA

Committeemen: Harlan Wood, chairman, past department Americanism officer; Paul J. McGahan, past department commander and present national executive committeeman; Julius I. Peyser, past department commander; Francis F. Miller, past department senior vice commander; Thomas J. Frailey, past department senior vice commander; Helen McCarty, past department third vice commander; Earl J. Brown, commander of Beauchesne Post No. 28; and E. A. Costello, vice commander Killeen Post No. 25.

JUNE 27, 1928.

PRESIDENT'S ADVISORY COMMITTEE,
Veterans' Bureau, Washington, D. C.

GENTLEMEN: The veterans' preference committee of the American Legion, Department of the District of Columbia, appreciates the invitation of your committee to present its views in writing on the general subject of "veterans' preference" for the consideration of your committee.

The subject of "veterans' preference" is keenly felt by the ex-service men and women in the District of Columbia and it has been one of the major if not the most important problems that has confronted the American Legion. It was of such acute concern that in April of this year a special convention of the American Legion of this department was called, at which convention this question was one of two to be considered. A resolution which constituted the veterans' preference committee was unanimously adopted. The personnel of that committee is as follows: Maj. Julius I. Peyser, Maj. Paul J. McGahan, Capt. Thomas J. Frailey, E. A. Costello, Helen McCarty, Earl J. Brown, Francis F. Miller, and Harlan Wood, chairman. The committee was authorized to prepare and present a report for presentation to the President and Congress concerning the views of this department of the American Legion as adopted by the Legion nationally regarding the general subject of "veterans' preference" and its application to ex-service men in the civil service of the Government. Our committee is therefore very much pleased to have the opportunity of presenting to you a report on this subject.

The committee will be very glad to present to you at a later date its suggestions as to which positions in the civil service the disabled but otherwise qualified ex-service man may fill without impairment of the Federal service.

The observations, suggestions, and recommendations the committee makes in the accompanying report are made after a very careful study and analysis of existing law and regulation. They are made without bias and prejudice against any individual and entirely in the hope that the recommendations may meet with executive and legislative approval.

VETERANS' PREFERENCE

The broad term "veterans' preference" is easily misunderstood and more often confused. To some it means one thing, to others it means another. Veteran preference properly understood by the ex-service man relates to preferment given him by acts of Congress, to be administered by the executive branch of the Government pursuant to proper construction in connection with his application for and employment in the classified civil service of the United States. To understand the existing rights of the ex-service men and women with relation to veteran preference in this connection, the alleged errors in its administration, and the service organization's suggestions regarding corrective measures, it is proper to divide the general subject into two phases, namely, "appointment preference" and "retention preference." There is a preference which applies to the ex-service man prior to his actual enrollment in the civil service and there is a preference that applies in his behalf after his enrollment. Each of these phases of preference arises by virtue of separate acts of Congress, separate rules, Executive orders, and court opinions. Neither is dependent upon the other and each is administered by separate executive or administrative branches of the Government. They will be considered in order.

APPOINTMENT PREFERENCE

There have been a number of expressions of Congress in legislative acts preferring ex-service men for employment in civil capacities with the Government. Only the more important and far-reaching of these acts will be treated. The first will be found in Revised Statutes, section 1754, and is as follows:

"Persons honorably discharged from the military or naval service by reason of disability resulting from wounds or sickness incurred in the line of duty, shall be preferred for appointments to civil offices, provided they are found to possess the business capacity necessary for the proper discharge of the duties of such offices."

It shall be observed that the degree or measure of preference referred to in the statute is not specified, though it is limited to the disabled. That question is left for administrative determination. Pursuant to the requirements of the statute, rule 4, paragraph 2 of the Civil Service Commission provided:

"All competitors rated at 70 or more shall be eligible for appointment and their names shall be placed on the proper register according to their ratings; but the names of persons preferred under section 1754, Revised Statutes, rated at 65 or more shall be placed above all others."

Subsequent to the enactment of the above section 1754 of the Revised Statutes, preference was given by the appropriation act relating to the census for 1910. A question arose for determination as to the construction of that preference in relation to the preference contained in Revised Statutes section 1754 (supra). That question was referred to the Attorney General for his construction, and accordingly on May 12, 1910, Attorney General George W. Wickersham, in 28 Op. A. G. 298, held:

"I am also of the opinion that the solicitor of the Department of Commerce and Labor, in the case referred to in the commission's memorandum, has placed too narrow a construction upon the preference conferred by section 1754. To hold that that preference exists when in favor of the person honorably discharged from the military or naval service when he has the same 'rating' as another on the eligible list, will practically destroy the preference altogether, as the occasions will be rare when the matter of appointment (which, under the rules, goes to the highest on the eligible list) lies between a veteran and another person having exactly the same rating. It is true that the statutes do not exempt honorably discharged soldiers and sailors from examination, and equal qualifications for the office may be required. (17 Op. 194; 19 id. 318, 24 id. 64.) But all persons who have passed the necessary examination are, under the civil service act and rules, presumed to be equally qualified for the office which they seek. Their rating simply determines the order in which they shall be certified for appointment, the one having the highest rating being preferred. (Civil-service Rules VI, VII.) In other words, qualifications or eligibility is determined by passing an examination, while rating merely establishes the order of preferment. But section 1754 of the Revised Statutes gives honorably discharged soldiers and sailors who passed the requisite qualifications preferment above all others, and this is the rule established by paragraph 2 of Rule VI of the civil service act."

Thereafter Congress in making an appropriation for the taking of the census in 1920 by act of Congress approved March 3, 1919, passed a law which provided among other things as follows:

"That hereafter in making appointments to clerical and other positions in the executive departments and in independent governmental establishments preference shall be given to honorably discharged soldiers, sailors, and marines, and widows of such, if they are qualified to hold such positions."

Three questions arose concerning the administration of the act. They were referred to the Attorney General for construction. Those questions were as follows:

"(1) The first question submitted is whether this provision applies only to the executive departments and independent governmental establishments in Washington, D. C., and not to Government offices in the field service.

"(2) Does this provision supersede section 1754, Revised Statutes, which requires preference to be given to soldiers and sailors honorably discharged on account of disability incurred in the line of duty? If it does not supersede section 1754, must persons within the provisions of the latter be given rank ahead of the class covered by the census act?

"(3) The third question is whether the exact preference allowed under section 1754, Revised Statutes, has been fixed by the President's rules and the interpretation of the commission, and may it be assumed that Congress, cognizant of the preference allowed under section 1754, intended, in the use of the term 'preference,' to provide for precisely the same treatment of that class of persons covered by the provisions of the census act as is now given that class of persons covered by the provisions of section 1754, or should the President, by rule, define the preference to be allowed under the census act."

The Attorney General, in his opinion submitted March 29, 1919, in 31 Op. A. G. 416, held, with relation to those questions, that the executive department meant those situated in the District of Columbia, or, rather, at the seat of the Government, and that with respect to independent governmental establishments, the statute was not confined to offices situated within the District of Columbia. Answering the second question the Attorney General held that the act of March 3, 1919, did not repeal or supersede Revised Statutes, section 1754, and that the two laws were harmonious and might be administered without conflict. With respect to the third question, only as it related to the act of March 3, 1919, the Attorney General held that as the preference provided for under section 1754 of the Revised Statutes had theretofore been fixed by the President's rules and the interpretation of the commission that there was nothing in the act (itself) to indicate that it was necessary for the Civil Service Commission to adopt and make per-

manent those rules so far as they might be applicable to the act of March 3, 1919; and in his opinion he said:

"My opinion is that the matter of making proper rules and regulations is left to the administrative officials, who may adopt those now in force or promulgate new ones as they may deem proper."

It will be observed that the Attorney General in construing the act of March 3, 1919, did not say that it was proper or improper for the Civil Service Commission or the President to administer the act in accordance with the rules theretofore in practice with reference to the administration of section 1754 of the Revised Statutes. The immediate question was not before him. That question was left for future determination. The opinion does not hold that the Civil Service Commission has the power to administer an act of Congress contrary to an opinion of the Attorney General construing it nor does the opinion of the Attorney General hold that the President has the power to issue an Executive order which would defeat the construction of a statute as it might be construed by the Attorney General.

The last and most comprehensive of appointment preference statutes is that contained in the act of Congress of July 11, 1919, which provides as follows:

"That hereafter in making appointments to clerical and other positions in the executive branch of the Government in the District of Columbia or elsewhere preference shall be given to honorably discharged soldiers, sailors, and marines, and widows of such, and to the wives of injured soldiers, sailors, and marines, who themselves are not qualified, but whose wives are qualified to hold such positions."

It will be observed that the act of July 11, 1919, is by far more comprehensive, not only from the standpoint of the personnel included but also by the territory covered, than is either section 1754 of the Revised Statutes or the act of March 3, 1919. This act is the last expression of Congress on the comprehensive question of appointment preference. It will be observed that this statute does not measure appointment preference nor does it specify the degree of preference. The question of measure or degree is left for construction. Pursuant to the statute and in conformity with the opinion of Attorney General Wickersham (supra) and the rules of the Civil Service Commission theretofore existing relative to the administration of section 1754 of the Revised Statutes, President Wilson issued Executive Order No. 3152 on August 18, 1919, a little more than a month after the passage of the act. That order provided:

"Section 5 of civil-service Rule V and section 2 of civil-service Rule VI are hereby amended by striking out the words 'section 1754, Revised Statutes,' and inserting in lieu thereof 'the urgent deficiency act of July 11, 1919.'

"As amended section 5 of Rule V will read as follows:

"'The commission may, with the approval of the proper appointing officer, change by regulation the existing age limits for entrance to the examinations under these rules; but persons preferred under the urgent deficiency act of July 11, 1919, may be examined without regard to age.'

"As amended section 2 of Rule VI will read as follows:

"'All competitors rated at 70 or more shall be eligible for appointment, and their names shall be placed on the proper register according to their ratings; but the names of persons preferred under the urgent deficiency act of July 11, 1919, rated at 65 or more, shall be placed above all others.'

"The provision in the urgent deficiency act approved July 11, 1919, 'that hereafter in making appointments to clerical and other positions in the executive branch of the Government in the District of Columbia or elsewhere preference shall be given to honorably discharged soldiers, sailors, and marines, and widows of such and to the wives of injured soldiers, sailors, and marines who themselves are not qualified, but whose wives are qualified to hold such positions,' supersedes section 1754, Revised Statutes, which gave preference only to those discharged for disability of service origin, and renders necessary these amendments."

It will be observed that the Executive order performs two principal functions. First, it amends section 5 of civil-service Rule V and section 2 of civil-service Rule VI, by striking out section 1754 of the Revised Statutes, and inserting in lieu thereof the act of July 11, 1919; and, secondly, it holds that the act of July 11, 1919 (being more comprehensive), supersedes section 1754 of the Revised Statutes. It provides that a competitor who is a veteran taking a civil-service examination and passing the necessary qualifications for the office sought, shall be placed on the register of eligibles above all other nonveterans who may be eligible.

The Civil Service Commission for a time administered the act in accordance with the changed rule under the executive construction thereof pursuant to Executive Order No. 3152 (supra) until a question arose as to whether or not an eligible nonveteran might be appointed when a register containing eligibles of ex-service men had not been exhausted. The Civil Service Commission referred this question to the President who in turn referred it to the Attorney General for his opinion and construction of the act of July 11, 1919. The then Attorney General on April 13, 1920, in 32 Op. A. G. 174, rendered to the President the following opinion and construction, to wit:

"SIR: You have recently referred to me a letter from the Civil Service Commission dated April 5, 1920, requesting of me an expression of my opinion upon the question of law arising out of the following state of facts:

"To avoid the loss of the services of civil-service employees who have been separated from the service because of a reduction of force and who have been recommended for further employment by the Government because of demonstrated efficiency in the offices from which they have been separated, an Executive order was issued on November 29, 1918, requiring the Civil Service Commission to establish separate reemployment registers from which such employees may be certified for vacancies in other offices at the request of the department making the requisition.

"By the act of July 11, 1919 (41 Stat. 37), it is provided:

"'That hereafter in making appointments to clerical and other positions in the executive branch of the Government in the District of Columbia or elsewhere, preference shall be given to honorably discharged soldiers, sailors, and marines, and widows of such, and to the wives of injured soldiers, sailors, and marines who themselves are not qualified but whose wives are qualified to hold such positions.

"'For the purpose of giving effect to those provisions the Civil Service Commission has established a reemployment and a regular register of eligibles with military preference and similar registers of eligibles without military preference. The question now raised is whether appointments may be made from the reemployment register of eligibles without military preference before the regular register of eligibles with military preference is exhausted, notwithstanding the above-quoted provision of the act of July 11, 1919.

"'The preference given by that provision is a preference over all other persons who may be eligible to appointment. No exceptions are expressed and none can be read into the act. Its provisions are mandatory and must be strictly complied with. Your question must, therefore, be answered in the negative.'"

This opinion is supported in its logic and conclusion by the opinion of Attorney General Wickersham, rendered May 12, 1910, and recorded in 28 Op. A. G. 298, supra, as well as by precedent in the previous practice of the Civil Service Commission.

So far as our committee is aware, there has been no construction of the statute contrary to that rendered by Attorney General Palmer, supra, nor has there been any act of Congress repealing the act of July 11, 1919, or in any way modifying or restricting its terms. However, on March 3, 1923, President Harding, at the instance and request of the Civil Service Commission, issued Executive Order No. 3801. This order amends paragraph 2 of rule 4 of the civil-service rules, as follows:

"Amend paragraph 2 of rule 6 by omitting the clause reading as follows: 'But the names of persons preferred under the urgent deficency act of July 11, 1919, rated at 65 or more, shall be placed above all others.'

"As amended, paragraph 2 of rule 6 will read as follows: 'All competitors rated at 70 or more shall be eligible for appointment, and their names shall be placed on the proper register according to their ratings.'"

It further amends paragraph 1 of rule 8 of the civil-service rules by adding the following language:

"An appointing officer who passes over a veteran eligible and selects a nonveteran with the same or lower rating shall place in the records of the department his reasons for so doing."

This Executive order further provides that there shall be added 5 points to the earned rating of an able-bodied veteran and 10 points to the earned rating of a disabled veteran. The practical effect of these additional points is to put the veteran on a parity with the nonveteran who may have an initial rating equal to the earned rating of a veteran after the addition of the 5 and 10 points, as the case may be. It will therefore be seen without argument that instead of the absolute preference given by the act of July 11, 1919, as prescribed by Executive Order No. 3152, and as construed by the Attorney General in his opinion of April 13, 1920, the absolute preference and the mandatory feature of that preference is restricted and limited to the point of the addition of 5 and 10 points, respectively, and further restricted and limited by taking the mandatory phase of the act from it and substituting in lieu thereof a discretionary power in the appointing officer to overcome the mandatory provisions of the act.

It may be asked, Could this be done? It is assumed that President Wilson, in Executive Order No. 3152, properly directed the course of administration of the act by the Civil Service Commission. It is assumed that the Attorney General in construing the act did so properly and advisedly, therefore we must come to the conclusion that Executive Order 3801 was either ill advised or improvidently issued, because it is at variance with the theretofore established practice of the commission, and the theretofore and still valid construction of the act of July 11, 1919. It is the belief of our committee that Executive Order 3801 establishing the 5 and 10 points preference negatives for many practical purposes the preference Congress intended by the act and the preference theretofore granted under its construction.

It is maintained that the efficiency of the service is not promoted by the absolute preference given by the act providing for the appointment of an eligible having a rating of 70, though he may be a veteran, in preference to a nonveteran having an initial rating higher. The wisdom

of this contention is not for our committee to determine. That is a question to be determined by Congress. Our committee, however, insists that the power to legislate does not exist in the executive branch or any branch of the executive departments; that if the statute lacks wisdom from the standpoint of promoting good and efficient administration, that question is properly referable to the lawmaking body of our Government. We feel that the Civil Service Commission is not vested with the power to substitute its will for that of Congress, nor can it properly administer the act at variance with the construction placed upon it by the Attorney General. However, that question may be ultimately determined, our committee feels that it can rely with confidence upon the logic and reasoning adopted by Attorney General Wickersham in his opinion reported in 28 Op. A. G. 298, wherein he says:

"It is true that the statutes do not exempt honorably discharged soldiers and sailors from examination and equal qualifications for the office may be required. (17. Op. 194; 19 id. 318; 24 id. 64.) But all persons who have passed the necessary examination are, under the civil service act and rules, presumed to be equally qualified for the office which they seek. Their rating simply determines the order in which they shall be certified for appointment, the one having the highest rating being preferred. (Civil-service Rules VI, VII.) In other words, qualification or eligibility is determined by passing an examination, while rating merely establishes the order of preferment. But section 1754 of the Revised Statutes gives honorably discharged soldiers and sailors who passed the requisite qualifications preferment above all others, and this is the rule established by paragraph 2 of Rule VI of the civil service act."

The Civil Service Commission reports that in the administration of the act of July 11, 1919, a large percentage of ex-service men have been appointed and qualified for positions in the civil service notwithstanding the restrictions in Executive Order 3801. If credit is due for such a condition of affairs, our committee believes that that credit belongs to the efficiency of the ex-service man for having obtained a sufficiently high initial examination rating plus the credits provided for in the order to become one of the highest three to be certified, and to the appointing officer for recognizing the moral obligation due by the Government to the ex-service man. In other words, a large percentage of ex-service men have qualified themselves for appointment notwithstanding the limitations and restrictions placed upon them by the Civil Service Commission in administering the act of July 11, 1919, contrary to its provisions as construed by the Attorney General. The committee feels that, in view of the foregoing, Executive Order 3801 puts into practice a course of administration contrary to the act of July 11, 1919, and that the mandatory provisions of the act are made discretionary and uncertain. Whether or not this course of action promotes efficiency in administration is entirely beside the question, since we hold firm to the opinion that the administrative branch can not legislate its will for the will of Congress. We do not believe that the statute promotes inefficiency, but even should it that question is one for determination by Congress.

RETENTION PREFERENCE

As important as appointment preference may be to the layman or ex-service men, in considering this subject it is not comparable to retention preference. The very obvious reasons are when an ex-service man is appointed and comes either to Washington or goes to some other place from his home for employment with the Government, changes his mode of living, marries or assumes other obligations, that the question of retaining his position when once appointed is of much greater importance to him than his application for a position which he may or may not ever obtain. It is therefore with the latter phase of preference that the ex-service men and women (and there are thousands of them in the District of Columbia) are vitally and primarily concerned. It is a problem with which the American Legion of this department has been confronted for a number of years. It is one which the American Legion has most carefully considered. Since 1924 at every annual District of Columbia convention this question has engaged the most serious thought of the officers and members of the Legion. After extensive study of the subject, and particularly with reference to remedial measures, in 1925 it passed resolutions covering it. In the same year the national convention of the American Legion adopted the recommendations of the local department in this respect. The action of the American Legion on the question of retention preference was concurred in by the national organizations of the United Spanish War Veterans, Disabled American Veterans, Veterans of Foreign Wars, and the Army and Navy Union. The intent of these resolutions will be subsequently set forth.

As stated above, retention preference differs from appointment preference in that it arises by virtue of separate acts of Congress, separate Executive orders, and separate opinions of the Attorney General. It applies to the ex-service man after he has been appointed and qualified and received a permanent position in the civil service of the Government. Retention preference originated in the act of Congress of August 23, 1912 (37 Stat. L. 413), which provides as follows:

"The Civil Service Commission shall, subject to the approval of the President, establish a system of efficiency ratings for the classified service in the several executive departments in the District of Columbia based upon records kept in each department and independent establishments with such frequency as to make them as nearly as possible records of fact. Such system shall provide a minimum rating of efficiency which must be attained by an employee before he may be promoted; it shall also provide a rating below which no employee may fall without being demoted; it shall further provide for a rating below which no employee may fall without being dismissed for inefficiency. All promotions, demotions, or dismissals shall be governed by provisions of the civil-service rules. Copies of all records of efficiency shall be furnished by the departments and independent establishments to the Civil Service Commission for record in accordance with the provisions of this section: *Provided*, That in the event of reductions being made in the force in any of the executive departments no honorably discharged soldier or sailor whose record in said department is rated good shall be discharged or dropped or reduced in rank or salary. Any person knowingly violating the provisions of this section shall be summarily removed from office and may also upon conviction thereof be punished by a fine of not more than $1,000 or by imprisonment for not more than one year."

An analysis of the statute reveals that there are conditions precedent to be performed prior to its becoming effective. These conditions are as follows:

1. A system of efficiency ratings must be established by the Civil Service Commission (now Bureau of Efficiency).
2. The President must approve the system.
3. The executive departments must rate the employee pursuant to the system.
4. The employee must have a rating of "Good" under the system.

In the absence of full compliance with these conditions precedent, the statute is inoperative and the beneficial effect thereof deferred. This is true by reason of judicial construction of the act. In 1916 two ex-service men were discharged from the civil service. They felt their record was "good." They sought by mandamus proceedings brought in the Supreme Court of the District of Columbia to restore themselves to their former positions. At that time (1916) the system contemplated by the act had not been promulgated. The petitioners were denied the relief they sought in the Supreme Court of the District of Columbia, and accordingly appealed to the Court of Appeals of the District of Columbia. The court of appeals held that until there was a full compliance with the terms of the statute its operative effect was deferred. In 1923 an ex-service man sought by injunction to restrain the Secretary of the Treasury from discharging him in violation of the terms of the act of August 23, 1912. In effect, it was held in that proceeding that until the executive department had rated the ex-service man pursuant to the system contemplated by and to be established under the act that it was inoperative and the intended benefit could not be conferred. (Pershing *v.* Daniels and Dean *v.* Burleson, 43 App. D. C. 470, and in Robinson *v.* Mellon et al., Equity No. 41556, Sup. Ct. D. C.)

The next statute of general and extending application to retention preference independent of intervening appropriation acts is found in Thirty-ninth Statutes, page 15, approved February 28, 1916. It is as follows:

"Hereafter the division of efficiency of the Civil Service Commission shall be an independent establishment, and shall be known as the Bureau of Efficiency, and the officers and employees of the said division shall be transferred to the Bureau of Efficiency without reappointment, and the records and papers pertaining to the work of the said division and the furniture, equipment, and supplies that have been purchased for it shall be transferred to the said bureau: *And provided further*, That the duties relating to efficiency ratings imposed upon the Civil Service Commission by section 4 of the legislative, executive, and judicial appropriation act approved August 23, 1912, and the duty of investigating the administrative needs of the service relating to personnel in the several executive departments and independent establishments imposed on the Civil Service Commission by the legislative, executive, and judicial appropriation act approved March 4, 1913, are transferred to the Bureau of Efficiency."

An analysis of this statute reveals that only one additional function was added to the single function of the original act of August 23, 1912 (establishment of a system of efficiency ratings), namely, "the duty of investigating the administrative needs of the service relating to personnel in the several executive departments, etc." The act, however, accomplished this result: It took the division of efficiency away from the Civil Service Commission, changed the name thereof, and by it created the present Bureau of Efficiency, erroneously and commonly termed the "United States Bureau of Efficiency."

The benefits Congress intended to create in favor of the veteran in case of a reduction in force in the executive departments were dependent for operative effect upon a system of efficiency ratings to be established with Executive approval. No comprehensive system for rating employees applicable to all departments was presented by the Bureau of Efficiency to the President until October 24, 1921. Then Executive Order No. 3567, promulgating a system, was presented and approved.

Thus one will see that the most important phase of veteran preference was literally sidetracked by the inaction of the Bureau of Efficiency which was charged by law with setting up the machinery for its operation for 9 years, 2 months, and 1 day. We contend that this was inefficiency on the part of the Bureau of Efficiency, for it might be justly said that the bureau disagreed with Congress as to the wisdom of the statute and thereby substituted its will for that of the Congress.

The contention is made by the Bureau of Efficiency that by reason of the historical background of the act of August 23, 1912, and debates by individuals in Congress prior to its passage that it was never intended that the act should become operative until a retirement act (if any) should be passed. The retirement act was passed in 1920. It is urged that the intention of Congress was so because it was felt that the positions of many employees of long service would be put in jeopardy. This is not a just reason or conclusion when it is recalled that Congress has each year subsequent to 1912 appropriated thousands of dollars for this bureau for the purpose of administering its two primary and fundamental functions: (1) Establishment of an efficiency-rating system, and (2) investigating administrative needs as to personnel. These are provided for in the act of August 23, 1912, as amended by the act of February 28, 1916 (supra). The fallacy of that argument is refuted beyond any question by a reference to Executive Order No. 4240 (June 4, 1925), which provides to employees having long service credits to be added to their earned efficiency rating above 65, and which credits are not to exceed 25 points, depending in degree upon the longevity of such service. This takes care of the older employees, destroys the force of the bureau's contention as to the intention of Congress, and justifies the assumption that the retirement argument is purely an afterthought, it being advanced in 1927.

In the appropriation act of May 4, 1915 (38 Stat. 1007), providing the appropriations for the current year to establish the efficiency-rating system, there is found this language:

"For establishment and maintenance of system of efficiency ratings, pursuant to section 4 of the legislative, executive, and judicial appropriation act for the fiscal year 1913 for investigation of the needs of the several executive departments and independent establishments with respect to personnel, and for investigation of duplication of statistical and other work and methods of business in the various branches of the Government service."

It is now contended that by this language additional duties were added to the organic act of August 23, 1912. A construction of appropriation acts does not justify such a conclusion. We believe that any additional function or functions this added lapsed with a consumption or expenditure of the funds appropriated for that particular purpose. Nothing is said to indicate that in addition to the duties now prescribed by law for the Bureau of Efficiency, it shall thereafter be charged with the continuing function temporarily added as to make it a yearly function. If such could be successfully contended for the year 1915, certainly it can not now be contended in face of the act of February 28, 1916, which created the Bureau of Efficiency. The latter and all subsequent acts contain no such language. We challenge a successful contradiction of the assertion that only two functions are specified, namely, those stated above, (1) establishment of efficiency-rating system, and (2) administrative needs as to personnel. Both of these functions precisely are of a personnel character and no other. Since 1921, however, the appropriation acts have carried no language covering any functions, hence we must hark back to the original act as amended.

Since 1916 temporary leases of power have been granted by Congress to the Bureau of Efficiency to do specific things, such as to prepare a report on the cost of retiring and pay of retired civil employees, a report on a system of bookkeeping and accounting for the Bureau of Indian Affairs (which had to be submitted by December 31, 1916), and to prepare other reports to be submitted within specified periods of time to Congress on a variety of subjects as to rates of pay of employees, efficiency, salary, and classification of employees. It can not as a matter of fact or truth be successfully contended that any of these temporary leases of power engraft any function of a permanent nature upon the act of August 23, 1912, as amended by the act of February 28, 1916. All these years, however, the public and official mind has become confused as to the real and original functions of the Bureau of Efficiency. The metamorphosis has been gradual. The industry of some of the bureau's employees, the spare time at their disposal, resulting, no doubt, from their failure to do anything concrete in the matter of an efficiency-rating system as Congress intended in its creation of that office, the assumption that it knew everything and could perform any task better than it was then being done, have contributed to the present state of confusion, resulting in the expenditure of thousands of dollars on oral and written requests (in the absence of legislation), establishment of a system of efficiency ratings after nine years' delay that is a mockery, and in making many people think that the bureau is an indispensable adjunct of every branch of our Government. We firmly believe it has by its record forfeited all right to further existence as an independent bureau.

Any contention that the Bureau of Efficiency is capable in law to investigate anything or anybody, whether it may relate to the executive or independent establishments of the Government or much less the municipal affairs of the District of Columbia, is completely refuted when it is realized that such power is specifically conferred by Congress on the Bureau of the Budget and not on the Bureau of Efficiency. The budget and accounting act, approved June 10, 1921, provides in section 209 thereof as follows:

"The bureau, when directed by the President, shall make a detailed study of the departments and establishments for the purpose of enabling the President to determine what changes (with a view of securing greater economy and efficiency in the conduct of the public service) should be made in (1) the existing organization, activities, and methods of business of such departments or establishments, (2) the appropriations therefor, (3) the assignment of particular activities to particular services, or (4) the regrouping of services. The results of such study shall be embodied in a report or reports to the President, who may transmit to Congress such report or reports or any part thereof with his recommendations on the matters covered thereby."

Section 212 of the same act provides:

"The bureau shall, at the request of any committee of either House of Congress having jurisdiction over revenue or appropriations, furnish the committee such aid and information as it may request."

Section 2 of the same act provides as follows:

"The terms 'department and establishment' and 'department or establishment' mean any executive department, independent commission, board, bureau, office, agency, or other establishment of the Government, including the municipal government of the District of Columbia, but do not include the legislative branch of the Government or the Supreme Court of the United States."

Notwithstanding the contentions we make above, notwithstanding the faulty, impracticable system established (which will be hereinafter fully treated) and notwithstanding the absence of any statutory authority, nevertheless the Bureau of Efficiency in an expenditure of $188,971.97 from January 1, 1927, to December 1, 1927, expended the munificent sum of $88.20 on efficiency ratings. How then was the other $188,882.77 spent? See what the Chief of the Bureau of Efficiency sets forth in his response to House Resolution 16 submitted to the Seventieth Congress on January 16, 1928. Some of the larger and significant items listed therein are as follows:

Currency circulation, Treasury Department	$10,360.58
Public buildings and public parks	2,470.44
Federal Farm Loan Board	3,364.64
Prohibition Bureau, Treasury Department	5,288.20
Department of Justice, prison industries	11,385.52
Hospitalization costs, Federal department	935.79
Alien Property Custodian, telephone service	175.68
Warehousing facilities, all departments	522.49
Filing methods, Supreme Court, District of Columbia	219.49
Condemnation proceedings, Department of Justice	2,130.00
Recorder of deeds and register of wills, District of Columbia	2,570.30
Police court, District of Columbia	52.19
House committee—Gibson subcommittee	61,941.49
Public-school survey, District of Columbia	38,208.79

Search and analyze the statutes. Search and analyze the resolutions. Search and analyze the temporary grants of power and special legislative requests. Give all of them the broadest and most liberal construction. If there is any doubt anywhere in anyone's mind, resolve that doubt in favor of the Bureau of Efficiency. We then submit that in fairness the only conclusion is that these investigations have been made and are being made without a semblance of authority in law. The Bureau of Efficiency states its authority in the above response to House Resolution 16 to be as follows:

"On June 30, 1926, the House Committee on the District of Columbia adopted a resolution authorizing the chairman of the committee to appoint a subcommittee consisting of seven members with authority to make a study of the government of the District of Columbia and its different agencies, and such investigation as it may deem necessary, for the purpose of ascertaining any needed changes in the District law or matters of administration thereof and report its findings to the full committee, with such recommendations as it may deem necessary for the improvement of the municipal government of the District on or before the 1st day of July, 1927."

"As a result of the above resolution a subcommittee was appointed consisting of the following members: Mr. GIBSON, Mr. MCLEOD, Mr. REID, Mr. HOUSTON, Mr. HAMMER, Mr. Gilbert, and Mr. WHITEHEAD.

"In the latter part of November, 1926, Chairman GIBSON, of the subcommittee, discussed with Chairman Madden, of the Appropriations Committee, the question of obtaining an appropriation or authorization for the employment of investigators to assist the subcommittee in its work. Mr. Madden suggested that the Bureau of Efficiency be called upon to aid the subcommittee and Mr. Brown was called into conference with Mr. Madden, Mr. GIBSON, and Mr. HOUSTON. As a result, on November 29, 1926, the Bureau of Efficiency started inquiries in certain bureaus of the District government. On March 3, 1927, when it became apparent that legislative authority to continue the subcommittee after the adjournment of Congress could not be obtained on account of the pressure of work on the closing days of the session, the subcommittee requested the Bureau of Efficiency to continue its investigation of Dis-

trict affairs during the summer months and to report its accomplishments to the subcommittee or the House District Committee of the Seventieth Congress."

On March 8, 1927, Hon. Procter L. Dougherty, president of the Board of Commissioners of the District of Columbia, wrote the Chief of the Bureau of Efficiency as follows:

"My Dear Mr. Brown: The Commissioners of the District of Columbia would be pleased to have you confer with them at any early date with a view to discussing the matters developed by the special subcommittee of the House District Committee investigating District affairs, and desire your cooperation in planning any improvements in the District service."

The Chief of the Efficiency Bureau further justifies his actions and expenditures as follows:

"Under the budget and accounting act all expenditures incurred by the Bureau of Efficiency are audited by the General Accounting Office. Expenditures incurred in connection with the bureau's study of municipal affairs submitted to the General Accounting Office for audit have received the approval of that office, thus indicating that the Bureau of Efficiency is not exceeding its authority in making investigations into the affairs of the District of Columbia."

We submit that an oral request is an anomalous way to confer legal authority on a governmental agency. To spend the people's money upon oral request is an anomaly, and it is sought to justify it by saying, in effect, the assumption of power, if one, is cured by the expenditures being paid. Or, in other words, one mistake is cured by the error of another.

It can be properly asked of our committee of what concern is all of this to the American Legion? It concerns us primarily as veterans and citizens. As veterans because our statutory preference rights are not protected. As citizens because we find a bureau legislating for itself duties, apparently illimitable and unbounded, resulting in a distortion of the proper division of functions under our form and theory of government. We do not go into the merit or demerit of any of the extraneous work that has been done by the Bureau of Efficiency and which we contend has been done through all the years from its inception in 1912 in the absence of specific legislative authority.

Great good or harm may have resulted from that digression. It remains our opinion that such activities were unauthorized and should have been performed by the Bureau of the Budget where specific legislative authority therefor is vested.

We do have a right to complain of the inertia resulting in injury to our comrades, thousands of whom are in the classified civil service and each of whom is entitled to the full protection of the act of August 23, 1912, if properly, practically, and conscientiously administered. The American Legion for its members feels that the system of efficiency ratings promulgated at the late date of October 24, 1921, is not in accordance with the spirit of the act of August 23, 1912, is impractical and incapable of being fairly administered. We feel that hundreds of ex-service men have been dropped from the rolls in violation of the intended benefits of the spirit of the act. We do not believe there can be found but relatively few among the thousands of nonveterans in the Government service who have a word of praise for the system. We feel that if a small portion of the many thousands of dollars Congress has appropriated each year since 1912 for the Bureau of Efficiency had been spent in an earnest effort to devise a practical system for rating the relative efficiency of civil-service employees a practical system could have been devised and its conscientious administration superintended. That no such effort is now being made is clearly seen by the expenditure in 1927 of only $88.20 in that behalf and by a casual examination of the system now in use. No member of our committee poses as an efficiency expert. No one, however, admits that he is devoid of all common sense.

Let us take efficiency rating Form No. 8, a copy of which is appended hereto, and consider the service elements in a concrete case in the light of the bureau's instructions as to its application. There are 15 service elements, beginning with accuracy, including such terms as leadership, cooperativeness, success, execution, etc., and ending with quantity. One hundred theoretically is the maximum of efficiency that an employee may obtain.

As a matter of fact the Bureau of Efficiency in its Circular Letter No. 10, dated November 7, 1924, established a table that is known as "correlation of efficiency ratings with salary rates," wherein certain salaries for each grade are specified for persons obtaining certain percentage marks. This table limits increases in salary to specified groups of efficiency ratings obtained by individuals. There is a provision in annual appropriation acts as follows:

"In expending appropriations or portions of appropriations contained in this act for the payment for personal services in the District of Columbia in accordance with the classification act of 1923 the average of the salaries of the total number of persons under any grade in any bureau, office, or other appropriation unit shall not at any time exceed the average of the compensation rates specified for the grade by such act, * * *."

The effect of the foregoing general average clause determines the distribution of the sum appropriated to the employee entitled to receive it. Our committee invites your attention to this, particularly for the reason that a person's true efficiency mark must be in some cases reduced or increased so as to conform to the general average clause carried in the appropriation acts. In other words, an individual's true efficiency mark is revised upward or downward so as to fix his rate of pay. Now, it is our contention that this alteration of the true efficiency rating in the first instance results in a loss of the preference given to the veteran by the act of Congress of August 23, 1912, as amended, and the Executive order of October 24, 1921, because the alteration of rates that has taken place in many instances will leave him below the mark of 80, which is regarded as "good." This finds its application in the matter of retention in service in the event of a reduction in personnel. It finds its application in the matter of qualifying by a veteran for promotion. It finds its application in the ability of a veteran to be able to retain his present position when demotions would appear to be in order. In effect, we believe that the law and Executive order giving him certain veteran preference in these situations is, by the practice established, thereby lost. The net result of the entire situation is that an individual's efficiency rating has degenerated from one of fact into one of theory, so that the rating given an individual has become primarily one to establish his salary and not one to establish his efficiency as an employee. The system of efficiency rating should deal with the proposition of the rating of the efficiency of an individual rather than being used to determine his rate of pay.

We desire to invite your attention to paragraph 17, from general circular No. 10, dated November 7, 1924, of the Bureau of Efficiency, which is as follows:

"Executive order of October 24, 1921, provides as follows:

"'In cases of reductions in the number of employees on account of insufficient funds, or otherwise, necessary demotions and dismissals shall be made in order, beginning with the employees having the lowest ratings in each class; but honorably discharged soldiers and sailors whose ratings are good shall be given preference in selecting employees for retention.'

"This shall be construed to require that in selecting employees to be dismissed or demoted on account of any general reduction of working forces honorably discharged soldiers and sailors attaining for the last rating period an efficiency rating of not less than 80 will be placed at the top of the lists of competing employees in the order of their ratings; and they will be retained in existing status, if their record in respect to deportment, attitude, and attendance is satisfactory, in preference to all other persons with whom they are respectively in competition."

For a typist (who may do copy work every day and nothing else) we find in CAF–1 (classification designation) 28 points for accuracy or reliability, 18 points for neatness, 26 points for speed or quantity, 18 points for industry and concentration, 10 points for knowledge of work. The rating officer must accept each definition (that is, of neatness, industry, etc.) literally and without modification. After all employees are marked in pencil and comparisons made (for what we ask) between the ratings of different employees as to class groups and by grades, the pencil markings may be altered as desirable and then comes the final markings in black ink. The foregoing are some of the duties of the immediate superior or rating officer. Then comes in the Efficiency Bureau's form the instructions of the reviewing officers. They are as follows:

"(1) The reviewing officer will carefully compare the markings assigned by the different rating officers under his supervision, with a view to noting such corrections on the various sheets as may be necessary to secure reasonable uniformity and accuracy in the element markings for the entire group for which he is responsible. This will involve not only the correction of markings in individual cases but in some instances a general revision upward or downward of the markings assigned by particular rating officers.

"(2) Corrections made by reviewing officers will be by red-ink check mark (√) on the various element scales. The rating officers' marks will be left undisturbed.

"(3) After the reviewing officer has reviewed and marked the sheets, he will sign and date all sheets and submit them to the proper board of review."

We submit no argument is necessary to disclose this monstrosity. The item covering quantity of work (No. 15 on Form 8) is not considered at all except incidently and as a component of No. 4 (speed and rapidity) and bears a maximum weight of only 26 points. Suppose the typist produces the most work among a given number of employees from the standpoint of quantity and the best in point of quality, and is attentive to duties and subordinate, is it not apparent then that those basic as well as obvious elements should control in the final efficiency rating? Is it not apparent that it works an individual hardship to attempt to equalize his work with a group? Does it not work an injustice to require the reviewing officer who rarely if ever comes into personal contact with the typist affected, to revise upward or downward the mark given the typist by the very one best qualified to do so, namely, the rating officer? We submit no further demonstration is necessary.

There are thousands of employees in mechanical positions with the Government whose efficiency, relatively speaking, may be mathematically

determined by their production of work. Consider the form used in the Government Printing Office:

Factors which shall increase or decrease average efficiency

Add to 85 the indicated points:		
Exceptional ability	(1–5)	———
Exceptional application	(1–3)	———
Exceptional cooperation	(1–5)	———
Exceptional dependability	(1–3)	———
Exceptional initiative	(1–3)	———
Exceptional judgment	(1–3)	———
Exceptional neatness in work	(1–3)	———
Exceptional quality	(1–5)	———
Exceptional quantity	(1–5)	———
Exceptional supervisory, executive, or administrative ability	(1–5)	———
Deduct from 85 the indicated points:		
Lack of ability	(1–16)	———
Lack of application	(1–5)	———
Lack of cooperation	(1–16)	———
Lack of dependability	(1–5)	———
Lack of initiative	(1–5)	———
Lack of judgment	(1–5)	———
Lack of neatness in work	(1–5)	———
Lack of quality	(1–16)	———
Lack of quantity	(1–16)	———
Lack of supervisory, executive, or administrative ability	(1–16)	———

Apply the above efficiency form to the output of a linotype operator, monotype operator, or anyone doing mechanical work. Its absurdity so far as establishing on a basis of fact an individual's relative efficiency is too obvious to require discussion. However, under these forms instructions and abstract elements, unless a veteran obtains 80, which is prescribed by Executive Order 4240, issued June 4, 1925, as the standard of "good" as used in the act of August 23, 1912, it is our contention that "retention preference" is a delusion and snare. He may be weighed in the scales of this monstrosity, and even though good in point of fact yet inefficient in point of administration of this system.

Our committee is aware of the element of personal equation. It also believes it to be a hard task to establish a satisfactory system. Yet we believe that the task is susceptible of accomplishment, provided some action is taken to tow the Bureau of Efficiency back into the channels of duty and function charted for it by Congress and provided the money appropriated for that office is spent in superintending a fair administration of such a system so promulgated. What is needed is a practical system.

Because of the hundreds of complaints that have been made to the American Legion locally and nationally, demonstrating the injustice of the system and by reason of the complete failure in the administration of retention preference, resolutions have been passed consistently since 1925 to abolish the Bureau of Efficiency and to transfer its functions to the Civil Service Commission whence it originated. The action of the Legion has been practically unanimous. The resolution covering the subject is as follows:

"Whereas the American Legion, at its national convention at Omaha, Nebr., in 1925, and in Philadelphia, Pa., in 1926, passed a resolution at the request of the Department of the District of Columbia, calling upon Congress to abolish the United States Bureau of Efficiency, United States Personnel Classification Board, and the United States Workmen's Compensation Commission and to transfer their functions to the Civil Service Commission; and

"Whereas it is the belief of ex-service men, as expressed by them at the national conventions of the American Legion in the aforesaid action, that the United States Bureau of Efficiency has been grossly indifferent in performing the duties required of it by law in the establishment and maintenance of a system of efficiency rating based upon fact, whereby ex-service men and women may have the protection afforded by law; and

"Whereas it is the belief of ex-service men that the United States Bureau of Efficiency particularly has greatly transgressed its lawful duties with great resulting detriment to ex-service men: Now, therefore, be it

"*Resolved*, That the American Legion of the Department of the District of Columbia, in special convention, again requests the National Convention of the American Legion to indorse and do its utmost to secure the passage of acts of Congress to effectuate the foregoing consolidation of the personnel bureaus of the Government that the Congress of the United States is hereby petitioned by the Department of the District of Columbia of the American Legion to pass legislation to effect the foregoing; be it further

"*Resolved*, That copies of this resolution be sent to the national legislative committee of the American Legion, the President of the United States, and to every ex-service man who is a Member of Congress; and be it further

"*Resolved*, That the national executive committeeman be and he is hereby instructed to present this resolution for the consideration of the national executive committee of the American Legion and that he do his utmost to secure favorable action by the national executive committee and the national legislative committee; and be it further

"*Resolved*, That any act of Congress that may be introduced or the passage of which may be sought shall provide that the system of efficiency rating to be established or that may now be in vogue shall be based upon practical elements of efficiency."

The action of the American Legion has been indorsed by the Army and Navy Union, United Spanish War Veterans, Veterans of Foreign Wars, and the Disabled American Veterans, besides being concurred in by many nonveteran organizations of national scope.

A reading of the above resolution discloses that it embraces the four (but each an independent), personnel bureaus of the Government. Appeals in cases of threatened discharge and relative to classifications may be made to the Personnel Classification Board. It is, however, impotent to rectify an alleged wrong through lack of power to direct. Our committee on this point desires to invite your attention to the recommendation advanced by the veterans' joint committee which consisted of representatives of all accredited veteran organizations in the District of Columbia wherein that committee said:

"In recommending the consolidation of the personnel branches of the Government for the purpose of insuring conscientious, economic administration of the laws preferring ex-service men, the committee was prompted solely by the desire to see that legislative will was effectively accomplished. Personal reasons did not enter into the question.

"The committee recommended that these functions be transferred to the Civil Service Commission. Neither the committee nor any of its members interviewed the commission with reference to these proposed resolutions, nor did the committee interview the heads of the other bureaus affected. It has not been concerned with the question of whether or not the suggestions made on preference and consolidation of personnel bureaus meets with the approval of the heads of the various bureaus affected. If what the committee has proposed is in any measure good and well taken; if what we desire in the way of legislation is proper, we feel that it is no concern of the head of any executive branch or independent establishment, and that their feelings would not in any way alter our position or in any way detract from the merit of our proposal. We feel that it is a distortion of the proper conception of the legislative and executive functions to consider that legislation should be passed merely according to the dictates or will of members of the executive branch of the Government. We believe that there will be cause for complaint and injustice in administration so long as the responsibility is divided between the existing organizations of the Government. Our view is confirmed by the history and experience of personnel organizations and administrations and by the injuries suffered without adequate legal remedies available. There should be only one independent establishment of the Government charged with the responsibility of administering all personnel matters. Reason and logic recommend their consolidation.

"So much is heard to-day of wastefulness, inefficiency, duplication of work, overlapping, and unnecessary detail generally referred to as red tape in the administration of governmental affairs that one may well begin to question the sincerity of such disparagement unless the proposal to consolidate all personnel functions meets with the spontaneous support of all whose interest seek a more economic and efficient operation of our national business. An analysis of the opposition will disclose in its ranks those who either lack information of the subject matter or who have been misinformed, those who have selfish purposes to serve and those whose immediate position will be dispensed with in the proposed change, and those innocent ones who through ultraconservatism have never favored any change of the existing order of things.

"If the acts of Congress creating the four personnel bureaus of the Government are stripped of the verbiage authorizing the administrative detail, then one sees at a glance what Congress accomplished by the passage of such acts and is confronted with the simple but indisputable fact that:

"'1. The real purpose of the Civil Service Commission is to examine, rate, and certify a prospective civil employee for initial appointment.

"'2. The real purpose of the Bureau of Efficiency is to establish a system of relative efficiency ratings for civil employees and to investigate the administrative needs of the departments with relation to personnel.

"'3. The real purpose of the Personnel Classification Board is to classify civil employees on a duty basis, and hear appeals in certain cases.

"'4. The real purpose of the United States Employees' Compensation Commission is to retire a civil employee for disability incurred in line of duty.'

"Nothing else except the necessary administrative routine was contemplated. What else these bureaus may be doing simply adds to the reasons for their unification. What an analogy of duties. At first glance the analysis shows four independent bureaus, each performing a personnel function in one phase or another. At times in disagreement, at others in competition and even actual opposition. What necessity requires their separation, with increased personnel, with the possibility of having four records to be kept when one should suffice? Can not one record be maintained by one set of employees more efficiently and more economically than four? There should be one complete record of each employee from the moment he enters the service until he is retired for longevity of service or disability incurred in line of duty. Hence economy in cost of maintaining only one bureau rather than four must follow."

Throughout the history of the Civil Service Commission, with the exception of the matter of Executive Order No. 3801, supra, we as veterans have found little cause to complain. The commissioners and the personnel of that bipartisan body have been sympathetic to the rights of veterans. The commission has demonstrated a desire to administer personnel matters in accordance with the legislative will as construed with a view to promoting the efficiency of the merit system of public service. Fairness and frankness have characterized the administration of that body. It has never, so far as we are aware, attempted to assume a function not specifically granted. We believe its future record will be charted by the light of its past administration. For these reasons as well as the economy resulting therefrom, we favor the foregoing consolidation of all personnel functions with those of the Civil Service Commission.

This committee, uninfluenced by bias, prejudice, or personal reasons, is happy to respond to the request of the President's advisory committee in submitting the foregoing as a reflection of the attitude of the American Legion. These views are presented after most careful and painstaking study of the theory and practice of appointment and retention preference for veterans.

By direction of veterans' preference committee.

HARLAN WOOD, *Chairman.*

Classification symbols		
Service	Grade	Class

GRAPHIC RATING SCALE

Efficiency Rating Form No. 8

Nonsupervisory ☐ (Check one)
Supervisory ☐

Name ---------- Department ----------
(Surname) (Given name) (Initial)

(Bureau) (Division) (Section) (Subsection)

Element number	Service elements	NOTE: Mark only on elements checked in left-hand margin					Do not use space below
☐	1. Consider accuracy; ability to produce work free from error; ability to detect errors.	Highest possible accuracy.	Very careful.	Careful. No more than reasonable time required for revision.	Careless. Time required for revision greatly excessive.	Practically worthless work.	
☐	2. Consider reliability in the execution of assigned tasks; dependability in following instructions; accuracy of any parts of product appraisable in terms of accuracy.	Greatest possible reliability.	Very reliable.	Reliable.	Doubtful reliability.	Unreliable.	
☐	3. Consider neatness and orderliness of work.	Greatest possible neatness and orderliness.	Very neat and orderly.	Neat and orderly.	Disorderly.	Slovenly.	
☐	4. Consider the speed or rapidity with which work is accomplished; the quantity of work produced in a given time; the dispatch with which a task of known difficulty is completed.	Greatest possible rapidity.	Very rapid.	Good speed.	Slow.	Hopelessly slow.	
☐	5. Consider industry: diligence; attentiveness; energy and application to duties; the degree to which the employee really concentrates on the work at hand.	Greatest possible diligence.	Very diligent.	Industrious.	Inattentive to work.	Lazy.	
☐	6. Consider knowledge of work; present knowledge of job and of work related to it; specialized knowledge in his particular field.	Completely informed.	Unusually well informed.	Well informed.	Poorly informed.	Lacking.	
☐	7. Consider judgment; ability to grasp a situation and draw correct conclusions; ability to profit by experience; sense of proportion or relative values; common sense.	Perfect judgment.	Excellent judgment.	Good judgment.	Poor judgment.	Neglects and misinterprets the facts.	
☐	8. Consider success in winning confidence and respect through his personality; courtesy and tact; control of emotions; poise.	Inspiring.	Unusually pleasing.	Pleasing.	Weak.	Repellent.	
☐	9. Consider cooperativeness; ability to work for and with others; readiness to give new ideas and methods a fair trial; desire to observe and conform with the policies of the management.	Greatest possible cooperativeness.	Very cooperative.	Cooperative.	Difficult to handle.	Obstructive.	
☐	10. Consider initiative; resourcefulness; success in doing things in new and better ways and in adapting improved methods to his own work; constructive thinking.	Greatest possible originality.	Very resourceful.	Progressive.	Rarely suggests.	Needs detailed instruction.	
☐	11. Consider execution; ability to pursue to the end difficult investigations or assignments.	Completes assignments in shortest possible time.	Completes assignments in unusually short time.	Completes assignments in a a reasonable time.	Slow in completing assignments; or does not complete assignments.	Takes inordinately long and accomplishes little.	
☐	12. Consider organizing ability; success in organizing the work of his section, division, or department, both by delegating authority wisely and by making certain that results are achieved; ability to plan so as to complete tasks on schedule.	Highest possible effectiveness.	Effective under difficult circumstances.	Effective under normal circumstances.	Lacks planning ability.	Inefficient.	
☐	13. Consider leadership; success in winning the cooperation of his subordinates and in welding them into a loyal and effective working unit; decisiveness; energy; self-control; tact; courage; fairness in dealing with others.	Most capable and forceful leader possible.	Very capable and forceful leader.	Capable leader.	Fails to command confidence.	Antagonizes subordinates.	
☐	14. Consider success in improving and developing employees by imparting information, developing talent, and arousing ambition; ability to teach; ability to explain matters clearly and comprehensively.	Develops employees of highest possible caliber.	Develops very efficient employees.	Develops competent employees.	Fails to develop employees.	Discourages and misinforms employees.	
☐	QUANTITY OF WORK 15. (To be used only where accurate and comprehensive output records are kept.)	Highest possible output.	High output.	Good output.	Low output.	Practically no output.	

On the whole, do you consider the deportment and attitude of this employee toward his work to be satisfactory? ---------- Answer "Yes" or "No"

Rated by: ---------- (Rating officer) (Date) Reviewed by: ---------- (Reviewing officer) (Date)

Total ----------

Final rating ----------

CONDUCT REPORT

(This space is to be used in case the question on the face of the sheet, regarding the employee's deportment and attitude, has been answered in the negative. In such a case give here a full statement of the particulars in which the employee's conduct has been unsatisfactory.)

(Rating officer)

INSTRUCTIONS TO RATING OFFICERS

1. The rating officer will receive a graphic rating scale for each employee, with captions already filled in and the service elements in which the employee is to be marked indicated by "X" in the boxes in the left-hand margin. All elements thus indicated will be marked, and those only.

2. The rating officer will sort the rating scales according to the classes established by the personnel classification board, as indicated in the upper left-hand corner of the sheets. The sheets will then be marked, class by class, those for each class group (as attorney, scientist, stenographer, etc.) being completed separately, beginning with the lowest class in each group.

3. Before attempting to assign the markings, the rating officer should have clearly in mind the exact meaning of the service elements to be marked. The definitions have been numbered instead of provided with "key words," in order to focus the attention upon each definition as a whole, rather than upon a single word or phrase. The rating officer should accept each definition literally, and without modification.

4. In assigning the markings to employees in a given class, the rating officer should have in mind reasonable performance standards for the compensation grade in which that class is found. Obviously, where employees are to be marked whose work lies in the same field but in different compensation grades, the standards of performance for the higher grades should be more exacting, except in the first five elements.

5. No part of the definition of element No. 2 refers to the honesty or integrity of the employee. This element has been provided for those cases where a reasonably accurate marking on element No. 1 is not possible.

6. The rating in each element will consist of a check mark (√) placed at that point on the scale which in the rating officer's judgment accurately represents the employee's standing in that element. The check mark need not be placed directly above one of the descriptive terms on the scale, but may be placed at any intermediate point.

7. Check marks should first be made lightly with pencil. After all employees have been marked, comparisons should be made between the markings of different employees, considering them both by class groups and by grades. The pencil markings may then be altered as desirable, and the final markings made in black ink.

8. The markings will refer to the performance of the employee during the six months' period ending May 15 or November 15, as the case may be. The name of an employee rated on a service of less than 90 days should be followed by the notation, "Less than 90 days."

9. The question on deportment which follows the scale should be answered "Yes" or "No." Negative answers to this question should be explained in the space provided above. Rating officers should not allow unsatisfactory conduct to influence their markings, except as it may actually bear upon an employee's standing in some specific service element or elements.

10. All completed graphic rating scales will be signed and dated, and submitted to the reviewing officer.

INSTRUCTIONS TO REVIEWING OFFICERS

1. The reviewing officer will carefully compare the markings assigned by the different rating officers under his supervision, with a view to noting such corrections on the various sheets as may be necessary to secure reasonable uniformity and accuracy in the element markings for the entire group for which he is responsible. This will involve not only the correction of markings in individual cases, but in some instances a general revision upward or downward of the markings assigned by particular rating officers.

2. Corrections made by reviewing officers will be by red-ink check mark (√) on the various element scales. The rating officers' marks will be left undisturbed.

3. After the reviewing officer has reviewed and marked the sheets, he will sign and date all sheets and submit them to the proper board of review.

THE TOM MOONEY CASE

Mr. SCHALL. Mr. President, I have thoroughly studied the evidence in the case of Tom Mooney, and in the May, 1929, number of the magazine Plain Talk, published in New York, wrote an article in summary of his case. The Senator from Massachusetts [Mr. WALSH] put that article into the CONGRESSIONAL RECORD on May 22, 1929.

I believe in the innocence of Tom Mooney. I want to do what I can to bring about his release from the California prison where he has served for 14 years for a crime which he never committed.

The Governor of California, who holds the right to pardon this innocent man, will not do so because of powerful influences within the State who bid him not. This same governor is willing to give him a parole, which would give Tom Mooney his liberty but which liberty he will not accept without the cleansing of his name from this hideous crime of which he has been erroneously convicted. The trial judge, who once sentenced him to death, now knows he is innocent and is doing everything in his power to let the world know that he, believing at the time perjured testimony, made a mistake. Every juror who convicted Tom Mooney now believes in his innocence and is leaving no stone unturned to remedy the injustice he did him.

It is now known to the Governor of California by way of sworn affidavits of four persons—Mrs. Dora Monroe and her three grown children—who heard the deathbed confession of Lewis J. Smith that he, Lewis J. Smith, threw the bomb that killed 10 persons and wounded 40 others in the Preparedness Day parade in San Francisco in 1916, for which Tom Mooney is now serving in a California prison. This undisputed and conclusive testimony should be, if there is remaining the tiniest doubt in the mind of California's governor of Tom Mooney's innocence, the overwhelming balance for his pardoning Mooney.

I want to call the attention of Attorney General Mitchell to Document No. 157, parts 1 and 2, of the Sixty-sixth Congress, first session, a document showing the investigation, by order of President Wilson, made by the Secretary of Labor into this very Tom Mooney case, and I offer him this in rebuttal of his idea that the Federal Government should not interfere with a State case. This case of Tom Mooney in its injustice has become international and should interest every honest man and woman in the country, and it should especially interest the Attorney General of our great country, whose prime purpose is to enforce justice.

To the end that the evidence contained in these Ohio affidavits should not be lost sight of by the public, and especially the Governor of California, I am asking unanimous consent that an article written by George Authier in the Minneapolis Tribune, setting out in substance the affidavits, be printed in the CONGRESSIONAL RECORD, and I also, in connection therewith, ask that a letter received by me this morning from Tom Mooney be printed.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The matter referred to is as follows:

[From the Minneapolis (Minn.) Morning Tribune, Monday, November 11, 1929]

SCHALL ASSAILS UNITED STATES DELAY IN MOONEY CASE—WRITES PEPPERY LETTER TO MITCHELL ON REFUSAL TO INVESTIGATE—REQUESTS ATTORNEY GENERAL TO PLAY SAMARITAN IN BOMB OUTRAGE

WASHINGTON, D. C., November 10.—Senator THOMAS D. SCHALL wrote a peppery letter to Attorney General Mitchell to-day in connection with the claim made in a letter to him by Frank O. Stevens, Dayton, Ohio, that an Ohioan before his death had thrown the bomb at the San Francisco preparedness parade, which killed a number of victims. For this crime Tom Mooney is now serving a sentence in California.

Senator SCHALL had written Attorney General Mitchell calling his attention to the letter to which reply was made that it was outside the jurisdiction of the Department of Justice.

Senator SCHALL promptly addressed a letter to Gov. C. C. Young, of California, calling his attention to the matter. To Attorney General Mitchell he wrote:

"Hon. WILLIAM D. MITCHELL,

"Attorney General, Department of Justice,

"Washington, D. C.

"MY DEAR ATTORNEY GENERAL: I realize that Mooney is under sentence of a State court for violation of a State statute. Technically he is therefore outside the jurisdiction of the Federal Government. Mooney is, however, a United States citizen. The facilities and agents of your department are located near to the people who may have the information that will bring belated justice to a falsely imprisoned United States citizen.

"It seemed to me the United States Government could not afford, like the Levite and Pharisee, to pass by on the other side of the road where lay the dying man from Jericho, who had fallen among thieves, been severely beaten, and left to die.

"In an emergency of this kind, without loss of caste, the United States Government could be the good Samaritan and allow one of its hundreds of agents to ascertain the facts concerning the information in the Frank Stevens letter and convey those facts to the authorities of California without its being so nominated in the bond.

"The above is in no spirit of criticism but merely to convey to you the idea that prompted my mailing the Stevens letter to you.

"Cordially yours,

"THOS. D. SCHALL."

WOMAN'S STORY SENT TO SAN FRANCISCO POLICE

BELLAIRE, OHIO, November 10.—Francis Moran, Bellaire police chief, to-night sent to Police Chief William J. Quinn, of San Francisco, the information he obtained from Mrs. Dora Monroe, of this city, implicating her dead brother, Lewis Smith, as the perpetrator of the San Francisco preparedness parade bomb outrage in 1916, in which 10 persons were killed.

In Mrs. Monroe's story was the possibility of an alibi which may succeed in freeing from San Quentin prison Thomas J. Mooney, widely known radical leader, who was convicted in connection with the bombing.

An affidavit by Mrs. Monroe attested that Smith confessed to her six years ago that he was guilty of the bombing and that Mooney was innocent. "He told me how he stood on a roof above the monstrous crowd and hurled the bomb into its midst," Mrs. Monroe said. "I did not tell the story sooner because of a promise to my brother," she asserted.

Mooney was convicted in January, 1917, and sentenced to death. The sentence later was commuted to life imprisonment when officials became convinced that part of the evidence against him was perjured.

The Mooney trial judge and jury also have expressed their belief in his innocence, and Gov. C. C. Young offered a parole, but Mooney refused, holding that acceptance of a parole would be tantamount to an admission of guilt. He demanded a full pardon, and this the governor refused.

CALIFORNIA STATE PRISON,
San Quentin, Calif., November 14, 1929.

Senator THOMAS D. SCHALL,
Senate Office Building, Washington, D. C.

DEAR SENATOR SCHALL: I have been following the developments in the papers for the past few days that grew out of your giving the story to the press of a man in the National Soldiers' Home at Dayton, Ohio, who knew of the confession of Lewis J. Smith on his deathbed in Cleveland, Ohio, in 1922, to the effect that he, and not I, threw the bomb into the Preparedness Day parade that killed 10 and wounded 40 and for which I have been convicted, and as a result thereof am now completing my fourteenth year of imprisonment.

For your information Lewis J. Smith is the same Smith who was the "star" witness for the United States Government against Von Bopp, military attaché for the German Government, and Mrs. Cornell and C. C. Crowley, private detective, and Lewis J. Smith. Smith was, if my memory serves me right, pardoned by President Wilson, to enable him to become a witness for the Government and not be impeached as such witness because of his joint participation in these crimes.

Smith was the actual dynamiter for the German consul, Von Bopp, and was directed by C. C. Crowley, who was the go-between and close-up man to the consul. Von Brinken, military attaché, was in charge of this rough stuff. He got his orders from Bopp, and in turn transmitted them to Crowley, who gave them to the actual dynamiter, Lewis J. Smith, at the bottom. In his testimony, if memory serves me well, Smith recited all of the crimes he committed for the Germans, naming the various jobs, how, when, and where they were committed and for what purpose—the weakening of the Allies' cause in this country.

Lewis J. Smith was a man of expert knowledge of explosives. The German Government hired him out of the Hercules powder plant at Pinole, Calif., because of his knowledge of explosives and their routing. It was Smith's job to blow up as much of these explosives as was possible while en route to the Allies. He testified to blowing up one barge with 14 tons of explosives aboard in Puget Sound, near Tacoma, Wash. The watchman aboard that barge was never seen after the explosion. It was a plain case of murder.

Two years ago I tried to get a copy of the testimony of Lewis J. Smith from the transcript taken in the trial of the German consul and his aides in San Francisco, in January, 1917, but was unsuccessful. My reason for wanting to obtain said confession was to check up in a general way on the affidavit of Alfred H. Spink, a reputable newspaper man of 50 years standing who died about a year ago. Spink's affidavit is substantially based on the same theory as these revelations that you have brought out from the man in Ohio. Spink was in a position to know much, and he was firmly convinced that German agents in this country did the explosion.

I am asking the secretary of my defense committee to send to you a copy of this Spink affidavit, also copy of a credential, the then district attorney of San Francisco County, Fickert, gave to C. C. Crowley, ostensibly for the purpose of investigation of the dope or drug traffic between the United States and Canada, but in reality this credential was for the very real purpose of cloaking these conspirators dynamiting activities against a friendly nation. In fact, it was to facilitate their movements in quarters ordinarily barred to them. Everything equal, Fickert would have been among the defendants in the German trials, but he had a big job on his hand framing Mooney for the gallows, and they overlooked his part in the conspiracy of the German activities in this country against our friendly nations at war with Germany.

It was brought out at the Bopp trial that Crowley was close to Fickert, who was pro-German and whose father fought on the side of Germany in the Franco-Prussian War in 1870. Fickert had on a number of occasions employed Crowley to do investigation work for him as district attorney. Fickert was the product of the United Railroads. Swanson was working for the United Railroads to "get" me for my efforts to organize their platform men into a carmen's union. The day the bomb exploded Swanson was made a part of the staff of Fickert's office and took actual charge of "framing" the bomb cases upon me and my codefendants.

During the week just prior to the bomb explosion, three different friends of mine, two of them later arrested and tried with me on this crime, were approached by Swanson and offered $5,000 if they would aid him in "getting" me (Mooney), and these fellows all refused the money and came to me and warned me that Swanson was trying to "frame" me.

Crowley, quite naturally, denies all this stuff about his part, because if it is true he is liable to arrest, trial, and conviction for murder, which is never outlawed. Crowley, during his incarceration in McNeil Island prison, told Maury I. Diggs, of the Diggs-Caminetti case, that "Tom Mooney is no more guilty of that crime than I am. The man who committed that crime is safe in Mexico." Diggs said that he was willing at any time to make affidavit to this fact. I have asked Mary Gallagher, secretary of my defense committee, to have Diggs swear to this statement and send you a copy of it. Diggs's statement, along with Spinks's affidavit and the confession yourself caused to be given to the press, all point in the same direction. To follow this up, I ask you to place before Congress an appeal for an investigation of the entire matter, in so far as it has a Federal relationship, in that they committed this crime in furtherance of their general plan of attack on the Allies' cause in this country. Namely, if the Preparedness Day explosion was one of the many crimes committed by the Germans, that would bring it under the scope of the Federal authority. In the files of the Department of Justice there should be two confessions in addition to Smith's testimony and confessions. During their incarceration at McNeil Island prison, Von Schack and Von Brinken both confessed and asked the protection of the United States Government. One of these confessions was sent to Theo Roche, counsel for the Germans, and a police commissioner in San Francisco.

It seems to me that you should be able to force some action on this matter from the Department of Justice, the confessions, etc. The two confessions might reveal something.

Von Brinken, after his release, wrote his memoirs in a serial form in the San Francisco Bulletin; and upon beginning the story they said his story might change judicial decisions, etc. It seems to me that some one in connection with this story reached either the Bulletin or Von Brinken and pulled him or the paper off publishing the announced part of his story, that his story would reverse judicial decision in this case. He did say, however, that he was sure that Tom Mooney did not commit the crime of the Preparedness Day parade bomb explosion. From which one can draw no other conclusion than that he, Von Brinken, knew who did commit that crime.

Do not overlook the credential given by Mr. "Framer" District Attorney Fickert to C. C. Crowley, German dynamiter, to aid him in his violation of the laws of this country. Fickert's services (framing Mooney and dismissing graft indictments against United Railroad officials) to powerful groups in San Francisco is the only thing that saved him from going to prison with Bopp and others. His part is even worse than theirs. He was sworn to enforce the laws. And here he was, lending the hallmark of his office, its courtesy, and influence to destroy the very things it was created to protect.

The statement coming out of Cincinnati, Ohio, by one C. C. Reed, a power-plant worker, that "his uncle, then attorney for the United Railroads, a Mr. Hyatt, told him that Tom Mooney was being 'framed' to remove him from the labor struggle then going on in San Francisco." There is not any doubt about the fact that there was a deliberate effort on the part of the public-service corporations to "frame" me for the gallows. Now it looks like Fickert's relationships to C. C. Crowley played a part in that frame-up. Fickert's connections with the United Railroads is common knowledge. Swanson went to work officially in the district attorney's office the night of the bomb explosion! Why? Was the city of San Francisco's police and law enforcement officers unable to solve this terrible crime? If the truth were known the very people who framed and prosecuted me and slandered me would be decorating the gallows, not only for their part in the frame-up but for the part they played in the actual crime of blowing up the Preparedness Day parade which they framed me for.

I sincerely hope that you will prosecute this matter to the limit of your ability, not so much to injure others but to show the depths that

some unscrupulous public officials will stoop to accomplish their purpose, for it was Fickert's plan to use my gallows as his platform to campaign for the governorship of California. My one hope is to be thoroughly vindicated of this false charge. Mere freedom means nothing with the finger of doubt and suspicion pointed at me for the rest of my life.

I thank you from the very depths of my heart, that is filled to overflowing with gratitude for your wonderful help in bringing this case to the fore as you have by your efforts in the May issue of Plain Talk, your voice in Congress, and this last exposure of the confession of Lewis Smith, which has given the case new and added impetus. It is being talked of by everyone everywhere. It should be the means of bringing about a state of public opinion that no governor will ignore.

With warmest personal regards and every good wish to you and yours, I am,

Very sincerely and respectfully yours,

TOM MOONEY.

WATER POWER AND THE PRODUCTION OF FERTILIZER

Mr. SCHALL. Mr. President, I ask unanimous consent to have printed an article entitled, "Saving the Farmers Millions—The Muscle Shoals of the West."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SAVING THE FARMERS MILLIONS—THE "MUSCLE SHOALS OF THE WEST"—WALTER H. WHEELER AGAINST ROCKY MOUNTAIN POWER CO. (SUBSIDIARY OF THE MONTANA POWER CO., AMERICAN POWER & LIGHT CO., OPERATING UNDER CONTRACT WITH ELECTRIC BOND & SHARE CO.)

TESTIMONY OF CHESTER H. GRAY, WASHINGTON REPRESENTATIVE OF AMERICAN FARM BUREAU FEDERATION

(Reprinted from record of hearing before Federal Power Commission, Flathead River power sites, Montana)

Chester H. Gray was called as a witness, and having been first duly sworn, was examined and testified as follows:

The WITNESS. I am representative of the American Farm Bureau Federation. My residence is in Washington, D. C., and my official residence in 601 Munsey Building, this city.

I remember the chairman of this hearing, the Secretary of the Interior, remarking this morning that without undue length he desired that the witnesses would confine themselves to the pertinent questions at issue. To our mind, from our point of view in agriculture, the pertinent point at issue here is the cost of power in making fertilizers.

Thus far, for a long number of years—that is, if we may say 10 years to be a long number of years—the Farm Bureau organization has been in various ways trying to get a material reduction in the prices of fertilizers to the farm consumers all over the United States. At this time the farmers are using about 8,000,000 tons of commercially mixed fertilizer annually, which amount is gradually increasing every year; and with the cost factor of power in the making of fertilizers as high as it ordinarily is, there will be no material possibility of reducing the price of fertilizers to the farmers from manufacturing fertilizers at the current rates of power if by the current rates we mean the rate which is ordinarily charged for power distribution to the ultimate consumer.

The reason we are interested in this project is a continuation of the reason that we have been interested in Muscle Shoals for almost a decade; the possibility of getting to the farmer a material reduction in the price of his highly concentrated mixed fertilizer; and, to repeat, that can't be done unless the power factor is held at a rate lower than the usual commercial rate for distribution of power.

The applicant here, Mr. Wheeler, has put into the record—and I knew he was going to put it in the record from previous contact with him—a rate on power of $15 per horsepower-year, which is materially lower than the prevalent rate of hydroelectric power; and the price is such—$15 per horsepower-year—that by use in making fertilizers such as he has described, and other ways which he hasn't described, will make it possible for the farmer to enjoy those reductions such as he has specified.

It is not necessary, I think, for me to go into an elaborate argument on this thing. We have done it for 10 years in the American Farm Bureau Federation.

Now, in regard to Muscle Shoals: We are looking at this project, the Flathead River project, through exactly the same spectacles that we look at Muscle Shoals. If we can get this project, through the granting by the Power Commission of a permit and a license to Mr. Wheeler, so that this project can begin the making of these fertilizers, even ahead of the congressional decision on Muscle Shoals, whatever that may be, we shall be happy because the fertilizers made at this project will be of highly concentrated form, carrying 50 per cent and beyond of plant food, so that by transportation they can be sold all over the United States. If this lessee, Mr. Wheeler, should propose to let out this power to a fertilizer company as a subtenant, which subtenant should make these fertilizers of the present form that the average farmer is ordinarily using, which does not go much beyond 15 or 16 per cent of plant food, then there would be no attractiveness to the project from the point of view of the American farmer; but with the developments that we know of now and the supplying of our markets now in part by concentrated forms that run from 50 per cent up, it is possible to get the fertilizers on our markets from Maine to California and from Mississippi to Minnesota at rates that the freight will not make the price prohibitive because they are shipping to a large extent plant food and not filler, such as ground rock or anything else that is contained in so much fertilizer that is consumed over the United States.

Now, we have no brief to hold for any particular applicant for any particular hydroelectric project in the United States, except that when any applicant, gentlemen of the commission, which in its offer, offered here under sworn testimony, intimating or promising a power rate of $15 per horsepower-year, holds out to us in agriculture a possibility of fertilizers cheaper because of the power factor, that is a big factor in the final price of commercial fertilizers. So I wish to repeat that we have no particular brief in favor of any one particular applicant, excepting that we are attracted to any applicant in this project or anywhere else where fertilizer is possibly to be made who makes a rate on power that will permit power to be used in fertilizer.

I am frank to say that in 10 years of work or thereabouts before Congress on the shoals proposition we have not found any power company—no exceptions—which has offered to make a power rate so cheap that a material reduction in the price of fertilizers would be possible. So we have never yet been able to settle the shoals proposition. I don't know whether Congress will be able to settle it. But here comes along a proposition that is a substantial and possible fertilizer development equal to that of the nearest. Here comes along a lessee or a proposed lessee or an applying lessee—whatever word you care to use—asking for this project to lease through permit, and is offering to use a part of the power, at least, at a rate which will anticipate, perhaps, the development of the shoals, because that is tied up in knots so deep that I don't know whether it ever will be untangled or not.

Now, in regard to the possibilities of this Flathead River location for fertilizer making, just let me review that which you gentlemen already know; that if they take nitrogen out of the air, whether by cyanamide or by any other synthetic process, it is just as capable of being taken from the air as anywhere else if they have the power to do it at prices which permit it to be done economically.

In regard to the phosphate, we have many times as much phosphate beds in the territory contiguous to the Flathead River project as we have in any other part of the United States. Several times as much phosphates lie in the beds up in that territory as do contiguous to Muscle Shoals; and so far as potash is concerned, which is a third element that we must have in a concentrated fertilizer, it is just as available, if not more so, to the Flathead River location as it is to the shoals or any other location for a fertilizer factory in the United States, that is, so far as we know in preliminary surveys and investigations, most of the potash which is suspended or developed in the United States is in the western part of the United States, so that this location is more contiguous to the potash prospective development than any other location that we ever have had put before us down to date.

So there is the nitrogen available from the air in manufacture as well as anywhere else; there is the phosphate rock more available in quantity, and, so far as contiguousness to this particular project is concerned, just as close as is the potash and the phosphate rock to the shoals development, and the potash is more contiguous in mileage to this project than it is to any other possible development so far as we know. Putting those three things together, with cheap power, we get a possibility of a highly concentrated fertilizer made out there, seemingly far away from where the fertilizer ordinarily is consumed in the United States, but of such a nature that it can be transported to the consuming areas of the United States, making a personal application. This year on my Missouri farm, which I own and operate, I have bought and am now applying in the drilling of fall wheat a carload of the triple superphosphate which is manufactured at Anaconda by a process by-product from the other industries there. I am 1,500 miles away from that factory, and even by high rail rates I am using triple superphosphate manufactured at power costs which are higher than $15 per kilowatt-year, even though it is not hydroelectric power in full. It may be coal power.

There is a sample of how far 45 per cent triple superphosphate is being transported now, and with the development which is now known and economically used in Germany, in the United States, and variously all over the world these fertilizers can carry 50, 60, and 75 per cent of plant food, having a minimum of filler to be shipped around all over the United States, making this fertilizer capable of being used practically anywhere in the United States by joint rail and waterways of transportation, whereas if it carries only 15 or 16 per cent its limit of circularizing from the point of manufacture is but three or four hundred miles.

Now, our interest, gentlemen of the commission, is this: That we want you to give the keenest and the closest consideration to a project, to a proposal of a permit and of a license from a proposed lessee who offers

a rate on power which is low enough—$15 per horsepower year—to make it possible to develop a fertilizer manufacturing plant from a part at least of this power. I want you to consider finally that the rates which other power in the United States is sold at do not hold out any particular inducement to the American farmer so far as cheapened fertilizer price is concerned. The proposal of Mr. Wheeler does hold out that inducement, and I am here officially to suggest to you gentlemen that you give the closest analysis, the closest consideration, to his proposal, in the hope that if the permit and the lease should be granted to him we will have in Montana a fertilizer development in keeping with the fertilizer developments elsewhere in the world.

I think I have nothing more that needs to be said.

Secretary WILBUR. Are there any questions you want to ask?

Direct examination by Mr. FORBES:

Q. Mr. Gray, you consider the leasing of this power to an organization, either personal or corporate, under conditions which will provide for the manufacture of cheaper fertilizer of vital national interest?—A. I do.

Secretary WILBUR. Mr. Kelly, do you wish to ask any questions?

Cross-examination by Mr. KELLY:

Q. What is your name, please? I didn't get it—A. Chester H. Gray.

Q. What position have you with the Farm Bureau?—A. Washington representative.

Q. How long have you lived in Washington?—A. Almost four years.

Q. What was your connection with the Farm Bureau, if any, prior to that time?—A. I was on the organization committee with four other men who started the American Farm Bureau Federation. Before that I was president of the Missouri Farm Bureau Federation for four years. Following the creation of the American Farm Bureau Federation in 1919 I was on the board of directors for three terms, and at that same time I was on the legislative committee of the American Bureau Federation, since which time I have been connected in one capacity or other with the Washington offices here of the American Farm Bureau Federation, during the last four years of which time I have been Washington representative, which means director of legislation.

Q. In that connection you have had some contact with the Muscle Shoals legislation?—A. Yes, sir.

Q. In the manufacture of fertilizer in this country, can you tell us what percentage of fertilizer that is being used in an agricultural way through electric power?—A. Of what particular kind of fertilizer do you mean?

Q. Phosphoric acid, phosphates.—A. A small percentage. I would not be able to state that in definite numbers.

Q. Less than 4 per cent?—A. Perhaps 5 per cent. Somewhere along there. I don't know the exact percentage.

Q. That comes as a by-product of a baking-powder plant, does it?—A. Not entirely.

Q. What other sources have you in mind?—A. Direct manufacture of the phosphoric content by the electric method. Some of that is done in Florida.

Q. In Florida?—A. I little bit. Some is done in Warner, N. J.

Q. At any rate, of this seven or eight million, you say, tons of fertilizer that is used in this country, something around 4 or 5 per cent only is made electrically at this time?—A. Something approximately 5 per cent, I would judge, from my memory of the statistics.

Q. And there has been no increase in the last 10 years in the electrolytic making of fertilizer products in this country, has there?—A. In this country, quite right. In other countries, quite wrong.

Q. As a matter of fact, the coal and coke industries have been able to produce fertilizer and have been producing fertilizer products cheaper than they did even seven years back, have they not?—A. Yes; on account of the power-cost factor largely.

Q. What do you mean by the power-cost factor?—A. Because their power is cheaper than the average manufacturer can get it in America. Whether the manufacture is of steel or of fertilizer is quite immaterial.

Q. What assurance have you that if this permit and license be given to Mr. Wheeler, he can or will sell power cheaper than anybody else that might develop this project?—A. The assurance that I assume the Federal Power Commission will not grant it to him unless in his contract and promise, it is definitely set down as he has testified here to-day. If the Power Commission does grant it to him under those provisos, it will be carried out.

Q. Don't you understand, Mr. Gray, that the rate for the sale of power in the State of Montana and in States of this country generally are fixed by a commission generally known as the public-service commission or some other commission in authority, which fixed the rates which may be charged and must be charged to power?—A. I know that quite well, and I also know that public-service commission in Montana and elsewhere are reflectors of public sentiment, and public sentiment is wanting cheap power now.

Q. But this would be one power plant or one power process of many in the State of Montana, and in the fixing of the rates which must be charged to a manufacturing industry the commission would be required to take into consideration the fact that the individual who has an irrigation pumping plant or lights in his home or runs a feed grinder or a milking machine or a cream separator or a carpet sweeper or an electric range in his home is entitled only to pay his fair proportion of the cost of maintenance of the plant, or to make fair return upon it, and that any other industry that gets power from that same plant will have to pay relatively, or the cost of that power, and a public-service commission can not make a specific rate to one industry and charge it back to some other industry or to any other group of individuals; is that true?—A. No. It is true applied to the power that come—to quote your words—from that one plant; but it is not necessarily true, although I confess that it is a too common practice that the rate is made uniform on account of high overcapitalization and doubling of capitalization and interlocking of directorates which control capitalization and things of those natures that the public-service commissions in various States have permitted—the accumulation of costs—which makes the rates rather exorbitant to the ultimate consumer. How long that will go along is undeterminable to me, but I feel sure that it will not go perpetually; there will be a reaching point or a stopping point at that; and our effort is that at every opportunity where we can stop that accumulation of cost factors in hydroelectricity, such as one instance now, here, in the case of Mr. Wheeler's proposal, we shall use that as a method of stopping the pyramiding of costs to the ultimate consumer. I answer your question in that way.

Q. Well, that does not answer the question as to whether or not, when the public service commission goes to fix the rates for this company that develops this project, whatever company it may be, it may make one rate for a block of power to a fertilizer enterprise and another block to a mining enterprise, and another block to a zinc plant and have different rates for the same amount of power distributed or delivered in the same way. The rates will have to be uniform, will they not?—A. Not necessarily, although, as I said, ordinarily they are supposd to be that way. But, to elaborate my explanation just given, the cost of power is susceptible of so many factors being piled on to it that the question comes before a public service State commission how many of those costs shall be piled on and added to the already rather too high cost, so that eventually the Public Service Commission of Montana, perhaps, and other States, will be brought definitely before the question as to how much higher these costs shall go.

Now, applying this to Montana specifically: I don't know, and neither does this Power Commission of the Federal Government know whether the Montana Public Service Commission would grant Mr. Wheeler this thing which he says he will build; but I know as well as I know that 2 and 2 make 4, speaking officially for the American Farm Bureau Federation, that if Mr. Wheeler is granted this permit and the license that follows it to construct, the public service commission in Montana will be face to face with a very embarrassing proposition to turn down if Mr. Wheeler comes along and says that power is at $15 per horsepower-year, and I know the average citizen in the State of Montana will react favorably to that kind of proposition. In other words, may I say to the commission that the questions which we are discussing here are similar to those which we have had for 10 years, which led me to say a while ago that no power company ever had offered to give rates to manufacturers at prices which would permit reasonable and material reductions in the making of fertilizers.

The arguments of pyramiding costs and increasing prices and stabilizing prices at a high level by action of the State, by State public-service commissions, has always been a haven of refuge in keeping the price up where it is now. This is an opportunity to see whether the price can be lowered to the ultimate consumer. I don't know that it can be lowered, but I say here is an opportunity to lower it so that in making fertilizers the farmer will get a materially reduced price.

Q. What have you to assure you or your organization, Mr. Gray, that Mr. Wheeler will be able to build this plant and produce and sell electric energy at a lower rate than any other person he might——A. That is a question that I do not need primarily to consider, because the Federal Power Commission will not grant him either the permit or the license if in its wisdom it is satisfied he can not do those things.

Mr. KELLY. That is all.

SECRETARY WILBUR. Does anyone else desire to ask Mr. Gray any questions?

By Mr. POPE:

Q. You have stated, I believe, on interrogation by Mr. Kelly, that the rate to be fixed for the delivery of the power will be fixed by the Montana Public Service Commission?—A. Yes.

Q. You understand that to be a fact?—A. Yes.

Q. If that is so, I take it that the rates to be charged for power for delivery to the consumer will not enter into the terms of the proposed permit or license?—A. I don't know what the public service commission in the State of Montana might say relative to that detail.

Q. In other words, it is left up in the last analysis to the Montana Public Service Commission what the charges shall be to the consumer for power delivered from this development?—A. I would judge so, and if that is so, I presume that the commission would fix the same charges regardless of which company received the license, whether it be Mr. Wheeler or somebody else.

Q. The elements which will determine the ultimate price of this power will be the same in either instance?—A. Is that a statement or a question?

Q. I am asking you if that is so.—A. State it again, please.

Q. If the Public Service Commission of Montana fixes the rate to be charged to the consumer, you will understand that they would fix the same rate regardless of who received the license, would you not?—A. No.

Q. Why do you reach that conclusion that it would make a difference to the Montana Public Service Commission whether Mr. Wheeler had the license and was making the development or whether the Rocky Mountain Power Co.?—A. The most powerful thing in the United States would be the controlling factor—public sentiment. Let me answer fully. I don't know whether public sentiment in Montana would be in favor of the Rocky Mountain Power Co. or whether it would be in favor of Mr. Wheeler, but I am human enough to believe that if Mr. Wheeler's application is granted and he is given a permit and later a license to construct, public sentiment would be in favor of a low-priced power; and that has an influence on the determination and actions of any elective body. I might say it sometimes has been said to have had an influence on the actions of judicial bodies.

Q. This sentiment in favor of cheap power would be a constant factor, would it not, regardless of who had the license and who was developing the power?—A. The saving.

Secretary WILBUR. The sentiment would be the same no matter who had the license? Everybody wants cheap power.

The WITNESS. The sentiment would be the same; yes.

By Mr. POPE:

Q. So that what you have said here really is based entirely upon the proposition of getting cheap power? That is the prime consideration in your mind?—A. I have so stated it, yes, to the commission.

Q. And all the factors tending to create that cheap power and fix the price that will ultimately be charged the consumer will be the same regardless of who receives this license?—A. I would judge so.

Mr. POPE. That is all.

By Mr. FORBES:

Q. Mr. Gray, suppose one licensee were to exaggerate its capital investment in order to justify the high rates charged and another licensee were not to exaggerate its capital and investment. What effect would that have upon the rate-making body?

Mr. KELLY. To which we object, if the commission please, on the ground that the capitalization upon which power companies are permitted to earn, under all public-service laws, is vitally up to the power service commission itself, and there isn't any reason to suppose that one application or the other will have any special rights or privileges in the exaggeration of its capital in connection with the development of its project.

Secretary WILBUR. It would be in the domain of the State power commission. I think it is not a wise question.

By Mr. SCATTERGOOD:

Q. Isn't it a fact that in the making of rates the companies usually file the rates and then the public-service commission of the State either approves of the right or, in the case of a rate-case contest, will amend it? Is it not a fact that the rate is first made by the public-service commission of the State?—A. The rates, as I understand it—pardon me. You are referring to hydroelectric?

Q. All rates are made by the companies first, are they not, and then filed with the public-service commission?—A. Hydroelectric rates—you are not referring to freight rates?

Q. No; power rates.—A. They are made by the State public-service commission, as I understand it, after the different companies interested or corporations interested have filed their information with the public-service commission.

Secretary WILBUR. They file their rates, do they not?

The WITNESS. File their rates—pardon me. Their information is in the shape of their proposed rates, and the reasons sustaining those, Mr. Chairman.

Secretary WILBUR. Any other questions?

By Mr. FORBES:

Q. You haven't any knowledge as to whether or not if the permit is granted there will be a manufacturing plant for the purpose of manufacturing superphosphates or all fertilizers established at this point?—A. I am informed there will be; less, Mr. Commissioner, I would not have the reason for appearing before the Federal Power Commission asking them to give serious consideration to a proposal which contemplates the making of fertilizers.

Secretary WILBUR. Any other questions?

By Mr. KELLY:

Q. Who so informed you, Mr. Gray?—A. Mr. Wheeler.

Q. Anybody else?—A. No.

Q. Did he tell you who was going to build the plant?—A. No.

Q. Did he tell you whether or not he had any financial backing in connection with the construction of such plants?—A. He assured me it was ample.

Q. And did you get any details who it was or where it was coming from?—A. No.

Q. How often have you talked with Mr. Wheeler about this?—A. Twice.

Q. Have you talked to the Rocky Mountain Power Co. about their plants?—A. No; nor any other power company, because the rates of power from the power companies do not permit the making of fertilizers at prices which will benefit the farmer consumer. I have found that in 10 years of experience.

To answer your question more fully: The people in the power companies—that is, in the regularly established power companies who are interlocked, in a way, by directors or otherwise all over the United States—have a structure which, if they break down in giving low rates for making fertilizer, they have got to break that rate down in giving low rates for everybody. And they are in a position similar to these Federal, I mean, to these State service commissions, so that if the power people begin to break the rates down in one structure they pretty nearly have to break it down all along; and I have not yet found a case where a power company has been willing to give a rate on hydroelectricity cheap enough to reflect itself in these fertilizers, which have to be made cheaply and spread over the soils of the Nation.

Secretary WILBUR. Anything further, Mr. Kelly?

Mr. KELLY. No.

Secretary WILBUR. Anyone else? Thank you, Mr. Gray.

REVISION OF THE TARIFF

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 2667) to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, to protect American labor, and for other purposes.

The PRESIDING OFFICER. Does the Senator from Florida insist upon the point of no quorum?

Mr. TRAMMELL. I withdraw the point.

Mr. BARKLEY. I renew it.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Allen	Frazier	Keyes	Shortridge
Ashurst	George	McCulloch	Simmons
Barkley	Gillett	McMaster	Smoot
Bingham	Glenn	McNary	Steiwer
Borah	Goff	Metcalf	Stephens
Bratton	Hale	Moses	Swanson
Brock	Harris	Norbeck	Thomas, Idaho
Capper	Harrison	Norris	Thomas, Okla.
Connally	Hayden	Nye	Townsend
Copeland	Hebert	Oddie	Trammell
Couzens	Heflin	Overman	Vandenberg
Cutting	Howell	Pittman	Wagner
Dale	Johnson	Reed	Walcott
Dill	Jones	Sackett	Walsh, Mass.
Fess	Kean	Schall	Wheeler
Fletcher	Kendrick	Sheppard	

The PRESIDING OFFICER. Sixty-three Senators having answered to their names, a quorum is present. The question is on the motion of the Senator from New York that the Senate take a recess until 9 o'clock and 45 minutes to-night.

Mr. COPELAND. Mr. President, has the Senator from Utah something more which he desires to present to the Senate?

Mr. SMOOT. I had hoped that we could hold a quorum here for this afternoon, at least, but I am informed that there are a number of Senators who are going to leave on the 1 o'clock train, and a number of others who are going to leave on the 3 o'clock train. I do not know, in view of the circumstances, whether it will be possible to hold a quorum.

Mr. SIMMONS. Mr. President, I hope the Senator from New York will withdraw his motion.

Mr. COPELAND. I was asking the Senator from Utah what his desire was.

Mr. SMOOT. As I have said, I thought we could proceed for a while on the papers and books schedule and get rid of some of the items in that schedule.

Mr. COPELAND. I have no objection to that, and I withdraw my motion.

Mr. WALSH of Massachusetts. I did not understand the suggestion of the Senator from Utah.

Mr. SMOOT. I said I thought we might proceed to consider the papers and books schedule.

Mr. WALSH of Massachusetts. Mr. President, the chairman of the subcommittee who presided over the hearings on the papers and books schedule was the Senator from Illinois [Mr. DENEEN]. He is absent from the city, and I am informed by the Senator from New Hampshire that he is very much interested in some paragraphs of that schedule. I merely wish to announce that to the Senator from Utah and let him govern himself accordingly. I am not asking to have the schedule go over on account of the absence of the Senator from Illinois.

Mr. NORRIS. Mr. President, we are confronted with the same condition which always confronts the Senate after it agrees to a concurrent resolution fixing the time of final adjournment. That is one of the reasons why I thought we ought

not to adopt such a resolution until just on the eve of adjournment. The condition which we now have, however, always follows the adoption of such a resolution. I do not know why, but I have known of no exception to it. When we fix a time for adjournment by a concurrent resolution two or three days in advance, from the very minute we adopt the resolution the psychology is changed entirely and we do not do very much during the remainder of the session. That is just what is happening now, and has been happening ever since we agreed to the resolution.

Mr. SMOOT. Mr. President, I ask unanimous consent that if the Senate shall recess to-day, it will be until 9 o'clock and 50 minutes p. m. to-night.

The PRESIDING OFFICER. Is there objection?

Mr. NORRIS. I am not going to object, but the Senator has suggested that the recess, if any, be until 10 minutes to 10 o'clock. Should his request be agreed to, he would make the Presiding Officer wait here for 10 minutes. Why does he not say 9.59?

Mr. SMOOT. I will make it 9.55 to-night. I think there ought to be more time allowed than one minute; there should be a little leeway.

Mr. NORRIS. More than a minute will not be necessary.

Mr. SMOOT. I do not think more than a minute will be necessary, but I wanted to be on the safe side.

The PRESIDING OFFICER. The Senator from Utah asks unanimous consent that when the Senate finishes its business to-day it take a recess until 9.55 p. m. to-night.

Mr. HEFLIN. Mr. President, I think the Senator from Utah had better fix the hour at 9.30.

Mr. SMOOT. There is no need of meeting so early.

Mr. HEFLIN. We do not know what may happen. There may be something that we should consider.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Utah?

Mr. HEFLIN. I shall not object if he will fix the time at 9.30 p. m.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Utah?

Mr. HEFLIN. Unless the hour is fixed at 9.30, I shall have to object.

The PRESIDING OFFICER. Objection is made.

Mr. HEFLIN. I suggest to the Senator from Utah that he renew his request and fix the hour at 9.30. It will not make much difference.

Mr. SMOOT. I was trying to meet the convenience of Senators generally, but I can not do that, and so I will not renew the request.

Mr. HEFLIN. I ask unanimous consent that when the Senate completes its session to-day it take a recess until 9.30 p. m. to-night.

The PRESIDING OFFICER. Is there objection?

Mr. COUZENS. I object.

Mr. BINGHAM. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BINGHAM. Is there pending a motion to take a recess?

The PRESIDING OFFICER. There was objection to the request submitted by the Senator from Utah.

Mr. BINGHAM. I understood the Senator from New York to move that a recess be taken until 9.45 o'clock to-night.

The PRESIDING OFFICER. That motion was withdrawn.

Mr. SMOOT. Mr. President, I have had my clerk deliver to each Senator a copy of Part V, Statement by the Commissioner of Internal Revenue, in response to Senate Resolution 108, relative to furnishing the Committee on Finance with statements of the profits and losses of certain taxpayers affected by the pending tariff bill. I have had this document indexed for the convenience of Senators, and the index appears in the back of the volume. I have also had placed upon the desks of all the Senators the index for the first four volumes, as I promised to do.

There is one more volume that will be out now in a very short time; and I think the request was made for a few more yesterday. I hope it will be out by the time the Senate meets again.

RECESS

Mr. COUZENS. Mr. President, it is quite apparent that we are not going to do any work to-day, that everybody is loafing on the job, and nobody is ready to go ahead; so I move that the Senate take a recess at this time until 9.45 o'clock to-night.

The motion was agreed to; and (at 12 o'clock and 33 minutes p. m.) the Senate took a recess until 9 o'clock and 45 minutes p. m.

EVENING SESSION

The Senate reassembled at 9 o'clock and 45 minutes p. m., on the expiration of the recess.

Mr. FESS obtained the floor.

Mr. NYE and Mr. HEFLIN addressed the Chair.

The VICE PRESIDENT. Does the Senator from Ohio yield; and if so, to whom?

Mr. FESS. I yield to the Senator from North Dakota.

REPORT ON AGRICULTURAL MARKETING

Mr. NYE. Mr. President, I desire to have incorporated in the RECORD at this point a report just submitted to the Federal Farm Board by its chief counsel, George E. Farrand. Mr. Farrand has been thoroughly recognized for his ability, for his grasp of the farm problem, for the sympathy he has shown to the farm relief act and to the farm cause, and it is a source of regret to me, having come to know Mr. Farrand as I have, to learn that he is to leave the service of the Farm Board at a very early date.

This report which he has prepared and submitted is so clear a statement of what can be done under the farm relief act we passed during the present session, and so clear as to how that can be accomplished, and contains such a good statement of the possibilities as to the act itself, that I think it ought to be made a part of the permanent RECORD. I ask unanimous consent that it may be printed in the RECORD.

The VICE PRESIDENT. Is there objection?

There being no objection, the report was ordered to be printed in the RECORD, and it is as follows:

REPORT OF GEORGE E. FARRAND TO FEDERAL FARM BOARD RE AGRICULTURAL MARKETING ACT

NOVEMBER 21, 1929.

Mr. ALEXANDER LEGGE,

Chairman Federal Farm Board, Washington, D. C.

DEAR MR. LEGGE: Before I go I want to submit this report to you and through you to the board and others interested, as a statement of what I came here to do, what has been done, what remains to be done, and to discuss some of the legal problems of Federal Farm Board. This report will gather up available forms and exhibits, put them in one place, and serve as a starting point for my successor.

TIME COVERED BY REPORT

The board's telephone to come reached me at Los Angeles August 3, at which time I had just returned from a 2-month trip to Europe. I left Los Angeles August 8, arrived at Washington August 12, and have been constantly engaged on the work from August 8 until this date, without interruption and without leaving Washington.

STATUS OF LEGAL WORK UPON ARRIVAL

The act was approved June 15. The first board meeting was held July 15. Governor McKelvie was appointed August 1.

In early August it was quite natural that the board had no precedents, no forms for use, no procedure established, and no legal policy developed as to the act. The board's temporary offices were in a local hotel. Working conditions were difficult for board and employees. Numerous producers, cooperatives, and others were coming before the board seeking assistance. My office had no books, no forms, and my clerical assistance was limited. Several weeks elapsed before we could get any library facilities whatsoever.

MAKING LOANS TO COOPERATIVES

The board initially concerned itself largely with dealing with cooperatives. It desired to make loans to such cooperatives and for that reason it was necessary to at once prepare forms and outline plans for orderly procedure in order to help the board and the cooperatives in getting their matters properly and promptly before the board; this in order that the board would have knowledge of the facts concerning the applicant, the use to which it planned to put the money, the security, the ability of the cooperative to repay, and whether or not the making of the loan would carry out the policy of the act. These forms were intended to and did develop the facts upon which action by the board was to be based. In a hurried way certain forms were prepared. There was great pressure for action. The board in some instances allowed under the necessities of the case but a few hours for the preparation of forms and action thereon. Certain forms were prepared, submitted to the board, and used. Since that time they have been revised. We now have a general form of application for loan by a cooperative which consists of a showing by the applicant of its corporate and cooperative status, the agricultural commodity which it handles, the purpose for which it desires the loan and a series of exhibits consisting of questions and answers designed to show its legal, commercial, and financial status, to which are added copies of its articles of incorporation, by-laws, marketing contracts, lists of officers, a statement of facts and of the security tendered, a financial statement, and form for the opinion of the attorneys for applicant; a form for a commodity loan to be used when advances are to be made by a cooperative to its growers and

where the security for the loan is warehouse receipts or tokens representing the commodity, the commodities chiefly concerned being cotton, grain, rice, beans, and the like; a form for use by the cooperative when it desires to apply for a "physical facility loan"; and a circular letter to go out with the form to the cooperatives. An analysis of the act was also made, which brought together the various parts of the act, including in such statement a summary of Capper-Volstead Act.

Forms as revised are now attached, as follows:

Exhibit 1. Letter to cooperatives;

Exhibit 2. General form of application for loan by cooperative;

Exhibit 3. Suggested form for use by cooperative in applying for a "cotton" loan;

Exhibit 4. Suggested form for use by cooperative in applying for a "wheat" loan.

The wheat and cotton forms were used in making "additional advance" loans.

In these forms I have not confined myself to developing purely legal situations but have attempted to get through them for the board a good picture of the financial status and business structure of the borrower, and have outlined in numerous ways, both orally and in writing, the way in which this information could be still further developed for the files. An examining group for the board is in formation, and suggestions have been made as to how it shall function, what it shall do, how it shall develop information, what sort of letters it shall write, how it can supplement existing forms, and be helpful to the cooperative borrowers.

We prepared most of the first applications to the board, as the borrowers came without information concerning the act and generally without counsel, and we took hold of the situation for them and did the best we could. This was the desire of the board and the result was accomplished. The plan of using these forms has been satisfactory to the borrowers. This is evidenced by letters from them and their counsel, who have commented thereon and whose criticisms and suggestions have been noted. We also prepared the forms of promissory notes, pledge agreements, mortgages, custodian agreements with banks making primary loans and other instruments incident to such transactions. We have examined numerous applications aggregating millions of dollars. We have had numerous conferences with cooperatives and their representatives, and many letters have been written. Obviously, it has not been possible in doing such hurried work to turn out the best grade of legal work, but there was a job to be done and we did it. The board fully understands that no strict "validity opinions" could be written as to any of the loans involved and none was insisted upon.

CALIFORNIA GRAPE SITUATION

One of the first matters before the board was the application on behalf of various California grape interests—the Sun-Maid Association, the fresh-fruit group, and others—for loans. I was disqualified to act because of the fact that I had organized Sun-Maid in 1923, both the California cooperative and its subsidiary, the Delaware corporation, had drawn the underlying agreements between both corporations, had handled its original bond issue, its present outstanding preferred-stock issue, and debenture issue, had passed upon various of the acceptance credit documents, and was a director of one of the banks which was a creditor of Sun-Maid. I advised the board of this disqualification and of the fact that no one should act where he had a direct personal, professional, or financial interest. Whereupon the chairman requested the Attorney General to designate some one in his office to act for the board in my place. The Attorney General designated Seth W. Richardson, Esq., Assistant Attorney General, who handled the matter with marked ability and to the satisfaction of the parties concerned.

A WORD ABOUT THOSE WHO HELPED

Let me thank the chairman and each member of the board for uniformly courteous, nay, generous, personal consideration. One seldom has a chance to meet with men who are so kindly disposed as the members have been toward me. To mention any who helped is a difficult task, as there is always danger in such a hurriedly dictated report as this of omitting others properly entitled but at the moment overlooked.

Mr. C. T. Wienke, auditor, Security-First National Bank, Los Angeles, who prepared for me a compilation consisting of each form in use in that bank, with index, which gave me for immediate use valuable data as to notes, mortgages, pledge agreements, and various other matters of hourly concern, and which in the absence of library facilities served a most useful purpose. Karl Loos, Esq., and his Washington office furnished us appreciated legal and local information. Mr. Walter Wyatt, general counsel, Federal Reserve Board, assisted with wise suggestions and in bringing about a proper understanding as to legal matters between the Federal Reserve Board and Federal Farm Board. Mr. Chester Morrill, secretary and general counsel of Federal Farm Loan Bureau, was similarly helpful, furnishing me suggestions which were adopted and which aided us in working out promptly and without legal friction a proper legal and working arrangement with that bureau and with the Federal intermediate credit banks. He also told us of his experiences with other Government institutions having to do with the loaning of Government funds. The members of Federal Farm Loan Board were similarly both personally and officially helpful, contributing much by individual and joint conferences to promptly handling practical and legal details of what otherwise would have been an overly intricate and difficult problem in making supplemental loans to cooperatives which were in addition to already existing loans made by the intermediate credit banks to the cooperative associations. Members of the Federal Reserve Board contacted directly with Federal Farm Board. Mr. Albert C. Agnew, of Agnew & Boekel, attorneys, San Francisco, counsel for Federal reserve bank, twelfth district, came to Washington at my request and devoted himself for some two months to Farm Board matters, rendering me individually and the board valuable service in connection with pending loans, forms, and machanics of handling the same, including suggestions as to the relations between Federal Farm Board, Federal Reserve Board, Federal reserve banks, and Federal intermediate credit banks.

Senator N. W. Thompson, Title Insurance & Trust Co., Los Angeles, furnished information concerning title searching, title companies, and title searchers throughout the United States. Mr. Felix Frankfurter, of Harvard Law School, was generously helpful in correspondence. Mr. Henry M. Robinson, of Los Angeles, was especially thoughtful and helpful in conferring with me on various occasions concerning the act and suggesting practical ways of making it a liberal and constructive force in aiding agriculture. Mr. L. S. Hulbert, economist, division of cooperative marketing, was a part of the Farm Board staff. His experience in cooperative-marketing legal problems was useful. My secretary, Miss Claire Moorhead, of Los Angeles, was extremely helpful in carrying a heavy load of both executive and clerical work and her reviews of forms and statements added much to their sufficiency. Various attorneys for cooperative associations were asked to criticize the forms and did so.

A LIBERAL VERSUS LEGALISTIC INTERPRETATION OF THE ACT

What does the act mean? What can the Federal Farm Board do? What powers does the board have? What limitations exist and what may it not do? These were all questions which came up at once and which had to be answered. I told the board frankly that it was a Government agency established under a highly remedial statute designed to meet existing conditions and to relieve millions of our fellow citizens of acute distress, that, therefore, the act should be construed in the light of conditions which gave it birth, and urged the adoption of a liberal as distinguished from a legalistic interpretation of the act. I told them if we stopped to hang upon words as distinguished from getting the spirit of the act, that the board would in the beginning greatly curtail its efficiency for constructive, progressive action. I further stated that the board's actions in the beginning in establishing precedents one way or the other would largely block out the future value of the board itself. All of those views I restated in a rather comprehensive summary on September 16. Since then I have had occasion to still further examine the act, and I attach at the end of this report a discussion of the act which shows my views.

THE "SECRETARIAT"

I outlined to the board and the secretary, both orally and in writing, the forms for and contents of the minutes, with suggestions to see how they can be properly taken and preserved. The board has not as yet adopted a seal. It has the power to do so. It has not as yet taken action concerning whether its records and minutes and other public data are to be open or closed to the general public examination, and some disposition ought to be made promptly of that question, at least to the extent of protecting technical and confidential information furnished by cooperatives dealing with the board, which information should not be exposed to competitive and hostile eyes.

GENERAL COMMENTS

(a) In making physical facility loans the board requires that which it waives in the more hurried commodity loans, namely, that the legal sufficiency of the applicant and all documents tendered by it be examined and approved by counsel as to form. To make such examinations would require the building up at Washington, if the work is done here, of a large group of lawyers. It seemed to me and I so recommended and the board approved that that work could be better done if and when occasion requires by counsel situated in the various States, to be designated by the board, paid for by borrower or farm board as occasion required, and that no extended law department need be built up here in Washington. As to these physical facility loans the requirement now is that the corporate set-up and papers be examined by counsel other than the attorneys for applicant; that the sufficiency of the lien given to the Farm Board be evidenced by appropriate abstracts of title with opinions thereon by counsel other than those who are attorneys for applicant, or by a certificate or policy of title insurance made by a qualified, competent, and financially able title insurance company. In addition, the board requires that the attorney for applicant furnish his own legal opinion covering these same points.

(b) In connection with loans to cooperatives there should be built up by the board some further general policy in addition to those which we have prepared and are leaving in the forms, as to what covenants the board will require of the borrower as a matter of purely business policy. Will it exact the usual requirements which under-

writers or banks in loaning money require, or will it take a different course or a more liberal attitude? Just how can it best protect the interests of the Government in making a long-term loan which in some cases is made for 20 years? Obviously, it must consider among other things a covenant that the borrower will remain a cooperative association at all times while its debt to the board is unpaid. The Government should not be loaning Government money to aid cooperatives at a low rate of interest and have the benefit thereof diverted to commercial purposes. The cooperative should agree to comply with all cooperative laws now in force or to be hereafter adopted as applicable to it. The cooperative should agree that the mortgaged property shall not pass out of the hands of the cooperative into noncooperative commercial hands. The usual covenants as to the maintenance of the property, its protection against depreciation, the insurance of the property, payment of taxes, guarding against mechanics', contractors', and laborers' liens in case of construction of physical facilities should be strictly insisted upon. In commodity loans give attention to the sufficiency of the pledge, the proceeds on sale of the pledged product, and the custody of warehouse receipts or other similar tokens. Appropriate insurance should at all times be required, and indemnity bonds and the usual safeguarding requirements should be had to protect the loans of the Government—all of which are of equal value to the borrowers as to the board and no part of which need be a hardship upon the borrower. In our files are various forms which do contain some of these recitals in more or less completed form. The list is to be studied and added to.

(c) Re national cooperative associations:

The cooperative association is one of the important agencies through which the Farm Board is acting. It is therefore necessary for the board and all persons interested to give much consideration to the legal status, scope of operation, and practical business details of such an organization. I have discussed this problem several times with the board with reference to the grain group, the wool group, and other projected national cooperatives. Time and space do not permit an adequate discussion of this subject, but I recommend that in each case the producer group secure the most available lawyer resident within the district to be served by the group, and that the organization committee first gather all the facts concerning the commodity itself, including among other things the extent of the commodity, the existing conditions surrounding its production, distribution, and sale, financial data, competitive conditions, how handled, how financed, where sold, what the wrongs are which are to be righted, what defects in the existing system are to be remedied, and a general statement as to the result or objective desired. Then, with that statement of facts, let counsel adapt to the plan the best form of legal structure and contracts which will meet the situation. In one instance it may be a corporation with broad powers, in another with limited powers; in some it will take the form of a capital-stock, in others a non-capital-stock, organization.

The plants and facilities in one group may be carried in a central association; in another group it may be necessary to handle them through subsidiaries. Some crops will require warehousing; others will move to market without warehousing. Some commodity organizations will require a great deal of central financing; some will require practically none. Some will require large capital investments; others nothing more than seasonal crop-moving advances. No fixed form can be drawn in advance. The legal garment must be cut to fit the entity which is to wear it. It is essential if loans are to be obtained from Federal Farm Board that all provisions of agricultural marketing act and Capper-Volstead Act be thoroughly studied and complied with. In addition, the decision of the Supreme Court in the Oklahoma ginning case (278 U. S. 515) should be carefully studied, the antitrust laws and the exemptions thereunder should be thoroughly briefed, and the question of whether title to the commodity is to pass from the grower to the cooperative should be thoroughly considered. Where loans upon the commodity are sought from banks or farm board, it will be necessary that the title either pass to the cooperative or that it be given full and unlimited power to borrow money and to pledge the product as security for the loan.

A thorough study should be made of all existing forms and types of grower-association contracts. Our Los Angeles office has many precedents growing out of some 20 years' work upon this subject and all are available. Other lawyers with other cooperative experience I am sure can be consulted and will furnish valuable information. The library of the farm board should be built up to contain precedents which are available for examination by the grower groups and their attorneys.

A national marketing agency should seriously canvass the cooperative marketing act of its own State to see if that statute can be used as the one to incorporate under. These cooperative marketing acts are designed to permit farmer organizations to do the things which are best adapted to their peculiar requirements, to restrict dividends, to limit the transfer of stock and/or membership, to develop the idea of mutual service as distinguished from capitalistic profit, and in each case every cooperative which is formed should constantly feature the fact that it is a cooperative association organized by producers for producers, for mutual help, that the capital used therein is an incident, not an end; that profit to capital is but the rent for service rendered, and that the objective is to handle and market the product of the grower substantially at cost and to bring back to him as promptly as possible, with full accounting of expenses incurred, all of the money for which his product sold, deducting therefrom only the proper and necessary expenses incident to the handling and marketing of the same. Thus the grower gets his proper part of the consumer's dollar, and the consumer gets for his dollar a dollar's worth of a good, standardized product.

Cooperatives should now lay a foundation, in these days of easy acceptance of cooperative principles, for the future when all of these principles may and will be questioned and when it will be necessary to demonstrate the advantages, legal, financial and otherwise, of the farmer movement upon its merits. In other words, we should show that the interests of the producer and the consumer are substantially identical and that neither should unduly profit to the prejudice of the other.

(d) Likelihood of conference between Government officials and Farm Board:

These cooperative groups handling the great agricultural commodities of the Nation are practically public-service corporations. Their facilities are dedicated to the public use. They should conduct their business with strictest impartiality, with complete disclosure to their members, and serve fairly and consistently and without discrimination all interests concerned. Because they are such agencies and because they affect in many instances hundreds of thousands of people, is it not possible to set up some conference group wherein the Government itself can be helpful at the start, and remain so after organization, to these cooperatives? It is the policy of the Government under the act to get certain results. It creates a board to get them. It provides that the board may "cooperate with any State or Territory, or department, agency, or political subdivision thereof, or with any person."

Provision is made for the transfer to the Farm Board of various agencies of the Government, including "the furnishing of services, with respect to the marketing of agricultural commodities," and throughout is evidenced the wish and direction of Congress that service be rendered and that cooperation exist. In view of these facts, shall the Farm Board consider recommending creating an informal conference group to consider problems of the organization and conduct of cooperative associations, to consist of the following persons or their nominees: The chairman of the board, the Attorney General, the Secretary of Agriculture, the chairman of the Federal Trade Commission, and the Secretary of the Treasury? This group could consider legal questions as to formation, the applicability of the antitrust laws, the extent to which the cooperative group is entitled to the assistance of the Farm Board, the services which can be rendered by the Department of Agriculture, the information already gathered by the Federal Trade Commission and its knowledge of trade practices, and the rules and regulations of the Treasury which concern income-tax problems of cooperatives. Direct contact could also be made with existing Government and private financial institutions. All of these are important. This conference group could be developed into an important agency. Its work would be largely in the way of suggestions and the gathering together, from the various departments of the Government and from the mass of information available but which few know where to find, of all existing facts, with recommendations. The Attorney General's views concerning what is and what is not a legal cooperative association could be then disclosed and discussed. The Federal Trade Commission's knowledge and comments would be helpful. The Treasury Department could discuss and point out its own regulations affecting the exempt income-tax status of the cooperative, how to get the exemption and how to keep it. This group would be an "agricultural scratching post." It is the object of government to help its people keep out of trouble rather than to punish them after they have gotten into trouble. Such a conference group would help.

(e) The board may here well note that there is no national comprehensive definition and understanding on the part of either Government or producers as to just what are the essentials of a true cooperative association. Some associations with commercial form are in fact cooperative; others, with cooperative form and name, masquerading as the farmers' friends, are thoroughly commercial, and because of the deception obnoxious to the cooperative laws and ethics. The Farm Board can, out of its own experience and from those with whom it deals, prepare and submit to the cooperatives and the Government a code or statement of cooperative principles and suggest that cooperative associations desiring to be recognized as such by the Farm Board bring themselves completely within both the form and substance of such code. Such research would become the basis for a congressional farmers' and producers' cooperative code, embracing therein all phases of the laws of the Federal Government which relate to the farm movement in organization, conduct of business, marketing, financing through Federal finance agencies, the eligibility and availability of farmers' paper for rediscount with Federal reserve banks, all existing loan facilities, income-tax status, antitrust laws, and related matter. Doubtless some of the great research foundations or the American Bar Association would assist in this research and codification. At present there is

no place or person from which or whom this information can be gotten—it is scattered through volumes of books and publications.

In addition to the domestic forms and literature, the Farm Board library should get all available foreign data on the cooperative movement in England, in the Dominions or communities comprising the British commonwealth of nations, in the Continent, in Russia, and in other countries where the cooperative movement has either failed or succeeded, and showing what plans and substitutes have been suggested and employed and the result of such plans. This library and study should include not merely the farmers' marketing associations but all phases of the cooperative movement, including, by way of suggestion only and not as an exclusive listing, purchasing associations, cooperative storm, crop, automobile, and other insurance, cooperative storage and warehousing, cooperative employment, with all available forms and documents. This data is usable for our present purposes as farmers; it can be made use of in "the coordinating of industry," the conservation and use of our remaining natural resources still in public ownership, in conservation, use, and distribution of privately owned timber, gas, oil, and minerals, and in numerous contacts between purely private concerns and the public. This data and library thus collected can be summarized and sent to persons interested, made use of through circulating library facilities (to include information as to all Government data now in Washington), and referred to in press and radio distribution. The use of the radio and electricity by the farmer (and others) is only begun. In a few years agricultural America will be present by radio to see and hear the proceedings and results of Farm Board activities and legislative representatives. Isolation is eliminated; agriculture is a united people. When the facts, reason, a free press, and a free radio are at work error, bad government, and injustice give way. The agricultural marketing act is broad enough to authorize these activities by the Farm Board. As a vehicle for action the act is admirably constructed; the results depend solely upon the care, skill, and courage of the drivers in charge. The congressional and presidential appropriation for fuel and repairs is ample for the journey.

(f) In my remarks attached I discuss advisory committees, stabilization corporations, and clearing-house associations. Further reference is not made here. If a stabilization corporation or a clearing-house association is established, maximum care will of course be taken to see that the details are worked out with the producer-consumer viewpoint in mind, and the necessity of well-balanced production, proper distribution, and a consumer demand considered in the composite plan which is thus to be evolved.

(g) Mr. Thomas Hildt of Alex. Brown & Sons, Baltimore, merits and receives commendation for the splendid assistance rendered by him to the farm board. He has been outstandingly helpful in his dealings with me. We have worked together to build up a complete internal record of all transactions from the moment an application or problem reaches the board until its final determination, and to see that the receipt and dispatch of the moneys entrusted by Congress to the board are within the law and the act, that all proper safeguards are taken in legal, financial, and bookkeeping matters, that the notes, mortgages, insurance documents, collateral and other important papers are properly safeguarded, received and returned by appropriate direction, all payments in and out properly noted and charged or credited as the case may be, that all persons concerned fully understand the importance thereof, and that full compliance is had with all conditions prescribed by the board in making the loan, and that all legal, practical and financial requirements are met. The details here are voluminous, and no recitation is required as to this part of the work, and besides, it is not properly a legal matter, but is mentioned because Mr. Hildt and I have spent much time together upon these particular problems. The farm board in its dealings with cooperatives has a chance to assist them in uniform accounting practices, and to urge that prompt settlements be made by them with their growers. Nothing so quickly fosters distrust and dislike by the grower of his own cooperative as sloppy, insufficient, or incorrect bookkeeping, and failure to get his money when it's due him.

In conclusion, let me say that while my official connection with the Farm Board now ends, that does not mark, if I can help it, the close of my aid and service to the board and to the administration in handling this "farmer question." My imagination pictures many things which the Farm Board and all of us under its direction can do in remedying our present depressed agricultural conditions. We have only scratched the surface and barely put our hands to the plow. We must dig our furrows deep and plant well for the future. We need the support of all.

If, Mr. Chairman, I can help you and the board and the farmer movement by further activities, please command me.

Respectfully submitted.

GEORGE E. FARRAND, *Counsel.*

THE FEDERAL FARM BOARD

By George E. Farrand,[1] Farrand & Slosson, Los Angeles

"I invest you with responsibility, authority, and resources such as have never before been conferred by our Government in assistance to any industry." With these words President Hoover on July 15, 1929, turned over the job of farm relief to the Federal Farm Board. It was then holding its first meeting.

Millions of our people look to the Farm Board for relief. It is of extreme importance to know what power actually has been given to it and what it may lawfully do "to place agriculture on a basis of economic equality with other industries."

Agriculture is a subnormal industry. Many crops are produced at a loss or without enough profit to give the farmer and his family the ordinary comforts to which, and more, they are entitled. Agitation for "farm relief" has been and is pressing. Numerous plans have been proposed and considered. The President convened the Congress in special session April 15, 1929, to consider farm relief and agricultural and related tariff schedules. Congress passed the agricultural marketing act. It was approved by the President June 15, 1929. Shortly thereafter the members of the board were appointed. Its first meeting was held July 15, 1929.

Its members were confirmed by the Senate October 16, 1929. "The most urgent economic problem in our Nation to-day is in agriculture. It must be solved if we are to bring prosperity and contentment to one-third of our people directly and to all of our people indirectly." I hold the unqualified opinion that the act, purposely drawn in broad outlines, free from the dangers of enumerating particulars, confers upon the board adequate power to act, and with the "splendid resources" referred to by the President in his initial conference with the board it is enabled to meet these pressing agricultural problems. In its short time in office it is meeting many of them. Its offices are established, its staff acquired. It has met scores of producer groups, assisted numerous producers, and has varied and far-reaching projects under way.

The act is constitutional. It is based on the "commerce clause" of the Constitution, which gives Congress the right to regulate interstate commerce. Congress can appropriate public funds and expend them for the general welfare and public good. Its judgment in doing so can not be questioned by the courts. Congress appropriated the money. The Farm Board is directed to carry out the details and to get the results. Methods wisely are left to its discretion.

Section 1 of the act declares it to be the policy of Congress "to promote the effective merchandising of agricultural commodities * * * so that the industry of agriculture will be placed on a basis of economic equality with other industries." How? By minimizing speculation, preventing inefficient and wasteful methods of distribution, encouraging the organization and financing of growers' cooperative associations and other agencies, by defining and aiding in preventing and controlling surpluses in any agricultural commodity, through orderly production and distribution, and so as to maintain advantageous domestic markets and prevent such surpluses from causing undue and excessive fluctuations or depressions in prices for the commodity. This declaration is so clear that all may understand. Whether the declaration is a "grant of power" to the board or a recitation of congressional viewpoint may provoke technical legal discussions, but no one can get away from the fact that Congress for the Nation declares in no uncertain terms that agriculture is to be placed in a position of equality with other industries, affords a wide choice of means, and gives the board a half billion dollars to do the job.

This board is composed of eight members appointed by the President, with the Secretary of Agriculture a member ex officio. In making the appointments the President gave due consideration to having the major agricultural commodities produced in the United States fairly represented upon the board.

Each appointed member's term of office is six years, except that the first appointments are for various different terms, so that hereafter the entire board is not appointed at one time. The President designates the chairman of the board who is the "principal executive officer thereof." The board selects its vice chairman, to act in the absence or disability of the chairman. A majority of the appointed members in office constitutes a quorum. An appointed member shall not actively engage in any other business, vocation, or employment than that of serving as a member of the board, and can not be interested in buying and selling or otherwise dealing in any agricultural commodity or product, except to operate his own farm. The board has an office in Washington. It may have other offices.

ADVISORY COMMITTEES

An outstanding feature of the act is the provision for the appointment of advisory committees. The board is authorized to designate the agricultural commodities which require separate treatment as a single commodity under the act. The board has already designated some such commodities, such as cotton, dairy products, grains, livestock, wool, and tobacco. The board shall invite the cooperative associations handling an agricultural commodity so designated to establish an advisory committee, to consist of seven members, of whom at least two shall be experienced handlers or processors of the commodity, to represent such commodity before the board in matters relating to that commodity. These members are selected by the cooperative associations from time to time in such manner as the board shall prescribe.

Committee members get no salary, but are allowed a per diem not exceeding $20 when attending committee meetings called by the board

[1] Mr. Farrand is counsel for the Federal Farm Board.

and for time devoted to other committee business when authorized by Farm Board, and necessary traveling expenses and subsistence expenses as prescribed by law. Each advisory committee is to meet as soon as practicable after its selection, at a time and place designated by the board, and shall meet thereafter at least twice a year upon call of the Farm Board and may meet at other times upon call of a majority of its members. Each committee selects its own chairman and secretary and is authorized to confer directly with the Farm Board, to call for information from it and to make representations to it concerning matters over which the board has power to act and which relate to the agricultural commodity of that committee, and to cooperate with the Farm Board in advising the producers through their organizations or otherwise in the development of suitable programs of planting or breeding in order to bring about the maximum benefits under the act in harmony with the broad and sweeping declarations of policy laid down by Congress.

These committeemen, so qualified and selected, constitute a splendid group of farmers to act as a go-between for the producers and the board. Here is provided a plan by which the ideas and aspirations of the farmers can be brought to the attention of the Farm Board. The board is their official representative. It speaks for them and for agriculture generally, both the organized and the unorganized producers.

The board can confer with the President, with Congress, and with other agencies, both State and Federal. Maximum cooperation with minimum expense and delays can be brought about. The farmers, by the act, now have in the board official representation at Washington, which gives to agriculture a unique and outstanding official status. The existence of those advisory committees is a step forward in the solution of the farmer problem as affording a method of giving and getting information. The board can make its own regulations, which will enable it to carry out the powers and functions vested in it. It can employ experts and other personnel. Agriculture has placed at its disposal the power, prestige, and purse of the Federal Government to get the best brains of the Nation in production, in distribution, in finance, in marketing, or otherwise, to advise it upon its problems. The only limit is the ingenuity and desires of the board.

The board is given power to make investigations, which power may at any time become most important. It is directed to investigate and report upon numerous designated matters, such as land utilization for agricultural purposes, reduction of acreage of unprofitable marginal lands in cultivation, the expanding of domestic and foreign markets, the development of by-products and of new uses for agricultural commodities, and "transportation conditions and their effect upon the marketing of agricultural commodities."

The development of waterways is an essential part of farm relief. The primary commodities of the land readily adapt themselves to water transportation. After investigation the Farm Board can make its recommendations to the President and to Congress. The data thus acquired can serve as the basis for the exercise by it of its already existing powers. Through its ex-officio member, the Secretary of Agriculture, the board has a direct representative in the Cabinet of the President. Thus the farmers have a great agency for service. The advisory committees can bring to the Farm Board the local viewpoint from every part of the Nation and can be used as the medium through which to take back to the States, the counties, townships, hamlets, and parishes of the land whatever information is available to help agriculture. It is impossible to forecast the great good which can come from such agencies of cooperation.

Section 13 directs the avoidance of duplication and requires the board in cooperation with other governmental establishments in the executive branch of the Government, both at home and abroad, to avail itself of their services and facilities in order to avoid preventable expense or duplication of effort. The board is directed to cooperate with the States and Territories and with departments and political subdivisions thereof "or with any person." For instance, the governors of all the States, the colleges, departments of agriculture, colleges generally, banking institutions, both Federal, State, and private, transportation companies, bar associations, food-research institutes, technical colleges, and all other persons can be brought together to work for the common good of agriculture and of the public under the guidance of a central, liberally minded, national board of agriculture.

No greater opportunity for education, discussion, and action has ever been given to a public body to get results nor has the public mind ever been more sympathetic to such accomplishment. The act gives the President power to direct various governmental establishments "to furnish the board such information and data as such governmental establishments may have pertaining to the functions of the board," except that confidential data heretofore gathered is protected. The board may thus avail itself through the President of all information already gathered by any Federal agency upon any matter within the scope of agricultural relief.

The President is given the power by Executive order "to transfer to or retransfer from the jurisdiction and control of the board the whole or any part of (1) any office, bureau, service, division, commission, or board in the executive branch of the Government engaged in scientific or extension work, or the furnishing of services, with respect to the marketing of agricultural commodities; (2) its functions pertaining to such work or services; and (3) the records, property, including office equipment, personnel, and unexpended balances of appropriation, pertaining to such work or services." One Executive order has already been made. It transfers the Division of Cooperative Marketing of the Department of Agriculture to Federal Farm Board. Other transfers can be made when necessary. No breakdown of existing groups is contemplated, but this farmer agency is given the right to demand and to get the necessary facts from and the aid of existing agencies.

COOPERATIVE MARKETING

The act is a marketing act. Congress declares it a national policy to encourage growers to organize cooperative marketing associations. The board can promote education in the principles and practices of cooperative marketing of agricultural commodities and of food products thereof. It can encourage their organization and improvement in methods. It can make loans to cooperative associations to assist cooperatives in extending their membership and educate the producers in the advantages of cooperative marketing. Existing cooperatives can be studied. The board already has available for use by the farmers a large library of forms of organization and data concerning existing cooperatives. It has a group of men transferred to it with the Division of Cooperative Marketing to assist it and the producers by suggestions and advice. These men confer with the farmers to help improve existing cooperatives and to form new ones. The board can assist in the financing of their educational and development work. One former difficulty in forming a cooperative association is thus removed, as money is available for the work. The board can take the leadership, and by developing men throughout the country promote cooperative marketing. Members of the advisory committees chosen by existing cooperatives can be used to develop cooperatives in other commodities as well as to extend the activities of their own.

LOANS TO COOPERATIVES

Congress gives the board the right to make loans to cooperatives for educational and extension work. The board can carry on for its own account similar educational work. It can make loans to cooperatives to assist them in "the effective merchandising of agricultural commodities and the food products thereof," in "the construction or acquisition by purchase or lease of physical marketing facilities for preparing, handling, storing, processing, or merchandising agricultural commodities or their food products" and for "enabling the cooperative association * * * to advance to its members a greater share of the market price of the commodity delivered to the association than is practicable under other credit facilities."

In making physical facility loans the board is directed to act only when there are not available suitable existing facilities that will furnish their services to the cooperative association at reasonable rates. Other loans may be made to cooperatives. The making of loans to cooperatives is in the sound, uncontrolled discretion of the board. Congress in appropriating the funds for this purpose squarely places the power and duty to act upon the Farm Board.

RATES OF INTEREST, MATURITY, AND SECURITY

The interest rate on loans and advances is not to exceed 4 per cent. It may be less. Physical facility loans, except for lease purposes, are to be repaid over not to exceed 20 years. The board may take such or no security as its uncontrolled judgment dictates. If gilt-edged, triple A security were required and were obtainable, there would be no need for farm relief. The board in making a loan must find "that the cooperative applying for the loan has an organization and management and business policies of such character as to insure the reasonable safety of the loan and the furtherance of such policy."

STABILIZATION CORPORATIONS

Cooperative associations are important grower agencies. Their value is a matter of common knowledge. It takes time to set them up. All cooperatives do not succeed. Many have failed. Growth at best is slow. Only a small percentage of the growers market through cooperative associations. Some of the commodities are well organized. The movement is growing. Many products are practically unorganized. This is true of fresh fruits, vegetables, potatoes, beans, and is markedly true of the great crops of wheat, corn, hogs, livestock, tobacco, and cotton. Relief to these great groups of unorganized farmers need not await the formation of cooperative associations, nor does the act acquire that it should, for it not only creates the Farm Board of representative farmers clothed with authority and resources with which to still further aid farmers' cooperatives and pools and to assist generally in the solution of farm problems but it gives it power "especially to build up with Federal finance, farmer-owned and farmer-controlled stabilization corporations which will protect the farmer from the depressions and demoralization of seasonal gluts and periodical surpluses."

The board is authorized to establish a stabilization corporation for any given commodity if and when the advisory committee of that commodity applies for it if the board finds the marketing situation with

respect to that particular commodity requires or may require the establishment of a stabilization corporation in order to carry out the broad declarations of policy which I have before discussed.

The legal requirements of a stabilization corporation are few. All of its "outstanding voting stock or membership interests * * * are and may be owned only by cooperative associations handling the commodity." It is required to maintain an "open-door" policy by permitting other cooperative associations, not stockholders or members, to become such "upon equitable terms." It must adopt such by-laws as the board requires.

These stabilization corporations will exercise broad powers and be aided in doing so with loans made by the Farm Board from Government funds. A stabilization corporation may act as a marketing agency for its grower members "in preparing, handling, storing, processing, and merchandising for their account any quantity of the agricultural commodity or its food products." But it may do more, for it may, "for the purpose of controlling any surplus" in that commodity, "prepare, purchase, handle, store, process, and merchandise, otherwise than for the account of its stockholders or members, any quantity of the agricultural commodity or its food products whether or not such commodity or products are acquired from its stockholders or members." A stabilization corporation may thus market for its own grower members and at the same time may buy and sell or store surpluses (as defined by the act) to any extent, regardless of the limitations of the Capper-Volstead Act.

The Farm Board can make loans to a stabilization corporation when requested so to do by the advisory committee for that commodity, which loans may be for one or more of several purposes, including "working capital to enable the corporation to act as a marketing agency for its stockholders or members." The act requires the corporation to set up not less than 75 per cent of the profits derived by it from its operation as a marketing agency into a "merchandising reserve fund." Payments to the reserve can be discontinued when the board finds that a sufficient reserve for such operations exists.

Out of the remainder of the profits the stabilization corporation is to repay any such outstanding working capital loan and interest to the board, or when that loan has been paid it is to "distribute a patronage dividend to its stockholders or members" on the basis of the total volume of the commodity or its products for the year marketed for their account through the corporation. Thus the grower marketing through his stabilization corporation ultimately gets the full price for which his product is sold less costs of handling.

The board has also power, upon request of an advisory committee for any commodity, "to make loans from the revolving fund to the stabilization corporation for the commodity to enable the corporation to control any surplus in the commodity as hereinbefore provided and for meeting carrying and handling charges and other operating expenses in connection therewith."

The substance of these clauses is that the stabilization corporations can, advisory committee and Farm Board concurring, in addition to merely marketing for growers, buy in the open markets existing surpluses and carry or market them, and do so on money advanced by the Farm Board out of its revolving fund. The stabilization corporation must "establish and maintain adequate reserves from its profits from its surplus-control operations before it shall pay any dividends out of such profits."

All losses from these surplus-control operations "shall be paid from such reserves, or if such reserves are inadequate, then such losses shall be paid by the board as a loan from the revolving fund." Amounts so loaned by the Farm Board for such surplus-control purposes are to be repaid into the revolving fund by the borrower "from future profits from its surplus-control operations." The stabilization corporation is directed to exert every reasonable effort to avoid losses and to secure profits in carrying on this surplus control, but it shall not withhold any commodity from the domestic market if the prices have become unduly enhanced, resulting in distress to domestic consumers. "Stockholders or members of the corporation shall not be subject to assessment for any losses incurred in surplus-control operations." The producer gets a grower-owned and grower-controlled marketing agency, financed with Government funds, operating under Government supervision, through which his crop is marketed, with certainty that the entire selling price will be returned to him less properly examined and approved deductions for expenses. His cooperative marketing is in no wise affected by the surplus-control operations of his own stablization corporation. He will get the benefits of the surplus-control operations but none of its losses can fall upon him. They fall, if losses are had, on the revolving fund and future profits, if any.

The stabilization corporation may with funds furnished it by the Farm Board carry on under terms prescribed by the board surplus control operations of purchase, withholding, and resale at such time and in such manner and over such period of time as will not unduly enhance the price to a domestic consumer. It is worth repeating: The growers, stockholders, or members of a stabilization corporation, "shall not be subject to assessment for any losses incurred in surplus control operations." The Farm Board is given adequate control and authority over these stabilization agencies.

The cooperative movement is hampered by difficulties, delays, and expense of organization and by the fact that nonmembers who do nothing and pay nothing often get the benefit of the work done by the members who do put up the money and "hold the umbrella." The stabilization plan permits prompter action and the transfer of the burdens and hazards of controlling the surplus from the participating farmers to the revolving fund and through it to the Public Treasury. These unorganized groups must have some such agency at their disposal.

But it is said that this program may require that several hundred millions of dollars of capital be advanced by the Federal Government without obligation upon the individual farmer. That may be true, but "with that objection I have little patience. A nation which is spending ninety billions a year can well afford an expenditure of a few hundred millions for a workable program that will give to one-third of its population their fair share of the nation's prosperity. Nor does this proposal put the Government into business except so far as it is called upon to furnish initial capital with which to build up the farmer to the control of his own destinies."

When the stock market collapses, when prices decline and losses impend, the stock market is frequently closed to ease the pressure and pools are formed to buy securities to stop the decline. In periods of financial distress moratoriums and bank holidays are declared to prevent obligations from maturing, to protect debtors from attachments, and to prevent the ordinary processes of the court from issuing. When the farmer's prices decline the farmer, who is the most unorganized, most individualistic of all persons, meets the situation unaided. The entire shock falls upon him. But now the agricultural marketing act creates an agency through the formation of these stabilization corporations to give him the necessary relief.

CLEARING-HOUSE ASSOCIATIONS

Only a few years ago it was illegal and criminal for farmers to act together to form a pool to market in an orderly way their own products. State and Federal decisions did much to hinder the progress of cooperative associations. Partial relief as to interstate transactions was given by section 6 of the Clayton Act, but in a halting and curiously insufficient way. The cooperative marketing act of 1922 was helpful. The clauses in acts making appropriations for the Attorney General, stating that he is not to use the money to prosecute farmers, had the right intention, but Attorneys General and Government officials found other ways and funds to fight the farmer movement. Banks frowned, as did Government agencies, at financing a farmer's crop after it left the ground upon which it was produced, all insisting that it was the job of the farmer to grow but not to market his product and that that task should be left to the buyers, who were furnished with all the money they wanted for that purpose.

A great change has now come about. The Government, public and private banks, both State and Federal, now agree that farmers may organize themselves for the purpose of the orderly marketing and financing of their crops, and the courts hold that such combinations are not illegal and that the persons participating therein are not criminals. Numerous State laws now declare pooling and orderly marketing in intrastate commerce are not in violation of State antitrust laws.

These privileges, exemptions, and rights so slowly and only so recently given the farmers would be lost if others than producers were included in the transaction. Section 10 of the act, however, provides that a cooperative association handling an agricultural commodity or the producers themselves of such commodity may apply to the Farm Board, and if it deems such association or producers representative of that particular commodity it may assist in forming producer-controlled clearing house associations adapted to effecting economic distribution of the agricultural commodity among the various markets and to minimize waste and loss in the marketing of the commodity. It then provides that "independent dealers in, and handlers, distributors, and processors of, the commodity * * * shall be eligible for membership in the clearing house association." Provision is made that the clearing house shall operate under rules to be adopted by the cooperatives and approved by the board, and, furthermore, "that the policy of such clearing house association shall be approved by a committee of producers which, in the opinion of the board, is representative of the commodity." Here we find a charter of liberty, whereby the farmers can when they wish handle not only their own products but deal with other bodies or groups, even though such persons are independent dealers in and handlers, distributors, and processors of the commodity.

Such cooperation between producers and independent agencies is a valuable privilege. Opportunity is now afforded to work out a plan of cooperation between producers and independent agencies interested in the project. Producers and handlers of a product have common grounds of interest. The section concerning clearing houses affords an opportunity to study and to set up such agencies, which may be found helpful in a number of agricultural commodities, such as, for instance, in the livestock industry. All will recall the great efforts made by President Hoover while Secretary of Commerce to bring about the

lawful cooperation and coordination of producers, agricultural as well as industrial, and the successes attained by him in voluntary and cooperative activities between business groups. It is worth while to reflect upon section 10 of the farm relief act, which authorizes and legalizes such cooperation and coordination and takes such activities out from under the provisions of the antitrust laws.

PRICE INSURANCE

An important but little discussed section of the act authorizes the board, upon application of cooperative associations, to enter into agreements "for the insurance of the cooperative associations against loss through price decline in the agricultural commodity handled by the associations and produced by the members thereof." Strict safeguards are thrown around the use of price-insurance agreements, but when the conditions are found to exist and private insurance is not available, the board is authorized to make advances from the revolving fund to meet obligations under these insurance agreements which can not be paid from the required premiums charged. These advances come from the revolving fund and are to be repaid "from the proceeds of insurance premiums."

In other words, the loss if it occurs falls on the revolving fund. Mutual life insurance has become the rule rather than the exception. Capital stock life insurance companies have mutualized their concerns by trusteeing their stock for the benefit of the policyholders. Billions of dollars of farmers' fire, hail, and automobile insurance are now in force. Extreme care must be taken in applying the principles of the price-insurance section of the act, but the board is enjoined to study the subject and out of this clause may come interesting and important developments.

THE CONSUMERS' STATUS

A law designed solely to aid producers would be objectionable if it did not make note of the rights of the consumers and of the public. In the long run any farm relief act must square itself with the public viewpoint as expressed at the ballot box. There are more people who eat food products than there are who grow them. The present depressed conditions confronting agriculture are such that no concern need be had that these agencies will do injury to the public, and besides, agriculture, which is so widely scattered and where production so rapidly adjusts itself to demand, is never likely to impose upon the public an unconscionable burden. But the act does not leave it to chance to safeguard the public interest.

Stabilization corporations are forbidden to withhold any commodity from the domestic market if the prices have become unduly enhanced, resulting in distress to domestic consumers. Cooperative associations to which loans may be made and which it is the duty of the Farm Board to foster are such as are defined by the Capper-Volstead Act. This act specifically authorizes producers of agricultural products as farmers, planters, dairymen, fruit growers, and others to act together in associations, corporate or otherwise, with or without capital stock, in collectively processing, handling, and marketing in interstate and foreign commerce such products of the persons so engaged. These associations so organized are authorized to have marketing agencies in common. To secure the benefits of the act these associations must be operated for the mutual benefit of the members thereof as producers. Each member is to have no more than one vote because of his membership or capital investment; or, in lieu of that, the association must not pay dividends in excess of 8 per cent. No such association can deal in the products of nonmembers to an amount greater in value than such as are handled by it for members. Capital and dividends are merely incidents to such a producers' organization. The primary object is cooperative activity for the mutual benefit of the grower members operating on substantially a cost basis.

If these associations attempt to monopolize or restrain trade to such an extent that the price of the agricultural product handled is unduly enhanced by reason of such monopoly or restraint, the Secretary of Agriculture is authorized and directed to protect the public interest by getting the facts in a summary way, and requiring the cooperative violating the law to stop its unlawful activities. If it fails to conform to his order, the Secretary of Agriculture can go into the Federal courts for a summary injunction against the association.

IN CONCLUSION

A liberal but proper construction of the act will hold it to be constitutionally in force in the United States and its Territories; that the declaration of policy so far dominates the act as to substance, though it may not in technical form, confer power on the board; that the act does not apply to purchasing associations, that it applies only to those cooperatives which are engaged in interstate commerce, but that the "current of commerce" is such and the business activities of the cooperatives so widespread and the powers and activities of stabilization corporations and clearing-house associations of such a nature that no serious obstacles will be found based on the "commerce clause" to prevent action; that the Capper-Volstead Act must be construed to include not merely local associations which conform to its provisions, but federated and central marketing associations composed of such producers and Capper-Volstead associations; and that with the broad policy declared and powers conferred the board can find a way to act and do most anything which its considered judgment believes will bring about the desired objective of farm relief.

Then there is this final observation: That it is quite likely that any loan made and security taken in good faith will be collectible and enforceable, even if the board should deal with an ineligible borrower or finance a transaction later found technically not to be within its jurisdiction, because such a borrower, having gotten the money and taken advantage of the act, could not defend an action brought to collect the debt upon the ground that the board did not have authority to loan the money.

I have shown that the act confers upon the Farm Board sweeping powers and duties and supplies it with adequate funds. Farmer problems are acute. The board has before it one of the most important and staggering jobs which has confronted any commission in peace times. All persons in every industry should cooperate to the maximum in giving assistance and sympathy to such a board and to such a problem. All are interested—bankers, lawyers, farmers, transportation companies, public utilities, and business generally. From a considerable knowledge of farmers, business men and bankers throughout the country I am convinced that it is the genuine desire of all to assist in a solution of this farmer problem and to be patient in the working out of such a gigantic task.

To those who are not so minded a word of caution and warning is given, that when distress and distrust in a country become generally prevalent and when the rural population of the country unites in that feeling of discontent with the men who toil in the cities, if they come to feel that the Government has come to deal unkindly and unjustly with them and that justice is denied to the poor (and there is much evidence to show that there is in this country a complete denial in the courts of justice to the poor, which problem alone outranks in importance the solution of the farmer question), have in mind that these groups acting together constitute a majority of the electorate and that they can and will through the ballot box reorganize the Government under which they live and the rules of the game at which they play and give us an entirely new problem to think about. The wonder is that they have so long failed to use the weapons already in their hands.

Enlightened self-interest, if nothing else, requires that all persons, whether farmers or otherwise, to-day devote themselves sympathetically to a consideration and study of the problem of farm relief.

NOVEMBER, 1929.

CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll. [Laughter in the press gallery.]

The legislative clerk proceeded to call the roll, and was interrupted by

Mr. HEFLIN. Mr. President, I move that the man in the press gallery who created this disturbance be removed.

The VICE PRESIDENT. The question of the lack of a quorum has been raised, and no business can be transacted while that point is being determined.

Mr. HEFLIN. I make the point of order that no member of the press gallery has a right to laugh out loud, as one asininical person did up there just now.

The VICE PRESIDENT. No one in the gallery has a right to laugh, and the occupants of the galleries will please be in order. That includes those in the press gallery.

The clerk will proceed with the calling of the roll.

The legislative clerk resumed the calling of the roll, and was interrupted by

Mr. HEFLIN. If this roll is not going to be called, I move that the Senate do now adjourn.

The VICE PRESIDENT. A motion is not in order while the roll is being called.

Mr. HEFLIN. I want the clerk to call the roll.

The VICE PRESIDENT. The clerk will call the roll.

Mr. HEFLIN. He is waiting too long between names.

The VICE PRESIDENT. Debate is not in order while the roll is being called.

Mr. HEFLIN. I make the point of order that the clerk is not calling the roll rapidly enough.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk resumed and concluded the calling of the roll, and the following Senators answered to their names:

Blease	Heflin	Norbeck	Stephens
Fess	Johnson	Nye	Walsh, Mass.
Fletcher	Jones	Sheppard	

The VICE PRESIDENT. Eleven Senators have answered to their names. A quorum is not present. The clerk will call the names of the absent Senators.

The legislative clerk proceeded to call the names of the absentees.

FINAL ADJOURNMENT

The VICE PRESIDENT. The hour of 10 o'clock p. m. having arrived, the Chair, under authority of Senate Concurrent Resolution 19, declares the Senate adjourned sine die.

CONFIRMATIONS

Executive nominations confirmed by the Senate November 22 (legislative day of October 30), 1929

MEMBER OF THE CALIFORNIA DÉBRIS COMMISSION

Lieut. Col. Thomas M. Robins.

POSTMASTER

ARKANSAS

David I. Bowen, Des Arc.

HOUSE OF REPRESENTATIVES

FRIDAY, *November 22, 1929*

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

We pray, dear Lord, that our first love in its purity, sweetness, and freshness may be laid on the altar of our homes. Around and about them may the deepest affairs of our lives revolve, as do planets about the sun. Go before them with the blessings of goodness, happiness, and peace. O bless them with a father's counsel and with a mother's heart. We are so thankful for their devotion, which nothing can lessen, whose faithfulness is as loyal as it is unselfish and whose fidelity many waters can not drown. Yes, Father, take our lives for time and eternity into Thy hands, into the hands of Him who hath loved us with an eternal love and who waits to crown us with the blessing of everlasting joy. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H. J. Res. 130. Joint resolution to provide for the compensation of page boys of the Senate and House of Representatives during the entire month of November, 1929.

The message also announced that the Senate had passed the following resolution:

Senate Resolution 165

Resolved, That a committee of two Senators be appointed by the Presiding Officer of the Senate, to join a similar committee appointed by the House of Representatives, to wait upon the President of the United States and inform him that the two Houses, having completed the business of the present session, are ready to adjourn, unless the President has some other communication to make to them.

The message also announced that pursuant to the foregoing resolution the Vice President had appointed Mr. JONES and Mr. WALSH of Montana members of the committee on the part of the Senate.

REPORT OF THE COMMITTEE TO WAIT UPON THE PRESIDENT

Mr. TILSON. Mr. Speaker, we, your committee, appointed on the part of the House to join with a like committee on the part of the Senate to inform the President that the two Houses having completed, as far as practicable [applause], the work of the session, are ready to adjourn unless he has further communication to make, beg leave to report that we have performed that duty, and that the President has no further communication to make at this time.

WIRE TAPPING

Mr. SCHAFER of Wisconsin. Mr. Speaker, I ask unanimous consent to address the House for three minutes.

The SPEAKER. The gentleman from Wisconsin asks unanimous consent to address the House for three minutes. Is there objection?

There was no objection.

Mr. SCHAFER of Wisconsin. Mr. Speaker, I introduced H. R. 5416 for the purpose of preserving the fundamental liberties guaranteed to our people under the Constitution, which were taken away by a 5 to 4 decision of the United States Supreme Court in the case of Olmstead against United States.

So long as the Federal Government continues to permit the tapping of telephone and telegraph wires, it is guilty of tyranny equal to that of the most backward medieval despotisms. A wire tapper destroys the sanctity of the home and invades the person and his house secretly and without warning. If permitted to continue his nefarious practice the privacies of life and the homes of our people will be subject to public scrutiny at any time by disreputable as well as reputable Government agents and citizens.

Any individual, be he a Government officer or not, who invades the privacies of the person and home of an American citizen by tapping telephone or telegraph wires, is one of the most despicable specimens of the human race. [Applause.]

Mr. Speaker, I ask unanimous consent to print at this point the bill which I introduced, H. R. 5416.

The SPEAKER. Is there objection?

There was no objection.

The bill is as follows:

H. R. 5416

A bill to prohibit the tapping of telephone and telegraph lines, and prohibiting the use of information obtained by such illegal tapping to be used as evidence in the courts of the United States in civil suits and criminal prosecutions, and for other purposes.

Be it enacted, etc., That whoever shall, without authority and without the knowledge and consent of the other users thereof, except as may be necessary for operation of the service, tap any telephone or telegraph line, or willfully interfere with the operation of such telephone or telegraph lines or with the transmission of any telephone or telegraph message, or with the delivery of any such message, or whoever being employed in any such telephone or telegraph service shall divulge the contents of any such telephone or telegraph message to any person not duly authorized to receive the same, shall be imprisoned for not less than 1 year and not more than 10 years.

SEC. 2. No information or evidence obtained by or resulting from the tapping of telephone or telegraph wires prohibited by section 1 of this act, shall be admitted as evidence in the courts of the United States, in civil suits and criminal prosecutions.

Mr. McKEOWN. Will the gentleman from Wisconsin yield?

Mr. SCHAFER of Wisconsin. I yield.

Mr. McKEOWN. Does the gentleman propose to provide that people can carry on a proposed insurrection against our Government, can preach doctrines against the Government, and you are going to hamstring the officers to prevent them from using means to ferret them out?

Mr. SCHAFER of Wisconsin. In answer to the gentleman, I want to say that I firmly believe in the fundamental principles of liberty guaranteed by the Constitution of the United States, especially those inalienable rights included in articles 4 and 5. There is no difference between physically invading a man's home and tapping his telephone wires. I am not in favor of denying the rights and liberties guaranteed to the many millions of our people under the Constitution in order to assist in the prosecution of a few criminals. [Applause.]

INLAND WATERWAYS

Mr. THATCHER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a speech that I delivered on November 11 before the Mississippi River Valley Association on waterways.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. THATCHER. Mr. Speaker and colleagues, under the privilege granted me therefor, I am submitting for extension in the RECORD an address on the subject of Inland Waterways, delivered by me on November 11, 1929, at the annual convention of the Mississippi Valley Association in St. Louis, Mo. The address is in the form reported by the official stenographer of the convention and furnished me by Mr. Lachlan Macleay, the very efficient secretary of the association. The speeches of the convention were broadcast from the convention hall.

The speech is as follows:

Mr. Chairman, delegates and guests of the association, and "listeners-in," I first want to express my appreciation of the honor conferred upon me by being invited to fill a place on this program. I feel, indeed, highly honored to be asked to be with you to-day and to counsel with you this afternoon.

I had looked forward with the hope of seeing my good friend, whom I have so often seen at Washington, engaged in the work of aiding in bringing about adequate appropriations for these river projects—Mr. James E. Smith, former president of the association. [Applause.] He has rendered the people of the Mississippi Valley a great and indispensable service, and we are very happy that in the succession to the presidency so able a man has come to take his place.

I am also happy to be in the city which is the home of my former colleague in Congress, Mr. Cleveland A. Newton, another man who has rendered magnificent service for the cause of waterways in this country and who is yet rendering that character of service. [Applause.]